OFFERING CIRCULAR **26 November 2021**

Aiforia Technologies Plc

Contemplated Listing on Nasdaq First North Growth Market Finland
Offering of approximately EUR 27 million
Preliminary Price Range EUR 5.01–6.51 per Offer Share

This offering circular (the "**Offering Circular**") has been prepared in connection with the initial public offering of Aiforia Technologies Plc, a limited liability company incorporated in Finland ("**Aiforia**" or the "**Company**"). The Company aims to raise gross proceeds of approximately EUR 27 million by offering preliminarily a maximum of 5,393,657 new shares in the Company (the "**New Shares**") for subscription (the "**Offering**"). Unless the context otherwise requires, the New Shares (including the Personnel Shares (as defined below)) and the Additional Shares (as defined below) are collectively referred to as the "**Offer Shares**". The final number of the Offer Shares will be determined on the basis of the final price per share (the "**Final Subscription Price**"). Depending on the demand situation, the Board of Directors of the Company has the right to increase the number of the Offer Shares by a maximum of 998,004 New Shares of the Company (the "**Upsize Option**"). If the Upsize Option is also fully exercised, a maximum of 5,559,414 New Shares of the Company may be issued in the Offering, assuming that the Over-Allotment Option (as defined below) is not exercised and a maximum of 6,080,247 New Shares of the Company, assuming that (i) the Over-Allotment Option (as defined below) will be used in its entirety and (ii) the Final Subscription Price will be in the middle of the Preliminary Price Range (as defined below) and that (iii) in the Personnel Offering (as defined below) a maximum of 38,580 Offer Shares will be subscribed.

The Offering consists of (i) a public offering to private individuals and entities in Finland (the "**Public Offering**"), (ii) an institutional offering to institutional investors in Finland and, in accordance with applicable laws, internationally outside the United States (the "**Institutional Offering**"), and (iii) a personnel offering to the permanent employees of the Company and its subsidiaries outside of the United States and the members of the Board of Directors and Management Team of the Company as well as the CEO ("**Personnel Offering**").

UB Asset Management Ltd on behalf of its certain clients, Suotuuli Oy, Verman Group Oy, certain funds managed by UB Fund Management Company Ltd, Thomasset Oy, ACME Investments SPF Sarl, Sto-Finance Ltd, Moomin Characters Oy Ltd, certain funds managed by entities owned by Aktia Bank Plc, DAKAR Oy, Aderno Oy, certain funds managed by Sp-Fund Management Company Ltd, Joensuun Kauppa ja Kone Oy, Taloustieto Incrementum Oy, Markku Kaloniemi, Mikko Laakkonen and Timo Soininen (together the "**Cornerstone Investors**") have, subject to certain conditions being fulfilled, committed to subscribe for Offer Shares for in aggregate EUR 20.87 million in the Offering, provided that the combined value of the Company's Shares does not exceed the maximum valuations set forth in the subscription undertakings (see "*General Terms and Conditions of the Offering – Special Terms and Conditions Concerning the Institutional Offering – Commitments by Cornerstone Investors*"). According to the terms and conditions of the subscription undertakings, the Cornerstone Investors will be guaranteed the number of Offer Shares covered by the subscription undertakings.

Swedbank AB (publ) ("**Swedbank**") and UB Securities Ltd ("**UB Securities**") are acting as joint global coordinators and joint bookrunners (each jointly referred to as the "**Joint Global Coordinators**") in the Offering. Nordnet Bank AB ("**Nordnet**") is acting, in addition to the Joint Global Coordinators, as a subscription place in the Public, Institutional and Personnel Offering. The Company is expected to grant Swedbank, who acts as stabilizing manager (the "**Stabilizing Manager**") an over-allotment option which would entitle the Stabilizing Manager to subscribe for a maximum of 598,802 new shares in the Company (the "**Additional Shares**") at the Final Subscription Price solely for the purpose of stabilization and to cover over-allotments, if any, in connection with the Offering (the "**Over-Allotment Option**").

Prior to the Offering, Aiforia's shares (the "**Shares**") have not been subject to trading on a regulated market or multilateral trading facility. The Company intends to submit an application to Nasdaq Helsinki Ltd for listing the Shares on the First North Growth Market Finland multilateral marketplace maintained by Nasdaq Helsinki Ltd ("**First North**") under trading code AIFORIA (the "**Listing**"). Trading in the Shares is expected to commence on the First North on or about 10 December 2021 provided that Nasdaq Helsinki accepts the Company's listing application. The Offer Shares allocated in the Public Offering and in the Personnel Offering will be recorded in the investors' book-entry accounts maintained by Euroclear Finland Oy ("**Euroclear Finland**"), which acts as the Central Securities Depository in Finland, on or about 10 December 2021. In the Institutional Offering, the allocated Offer Shares will be ready to be delivered against payment on or about 14 December 2021 through Euroclear Finland Ltd. The Shares are settled in the system of Euroclear Finland. UB Securities will act as Aiforia's certified adviser ("**Certified Adviser**") on First North.

First North is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (2014/65/EU) as implemented in the national legislation of Denmark, Finland and Sweden, operated by an exchange within the Nasdaq group. Issuers on First North are not subject to the same rules as issuers on a regulated main market, as defined in EU legislation. Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on First North may be higher than investing in an issuer on the main market. All issuers with shares admitted to trading on First North have a Certified Adviser who monitors that the rules are followed. Nasdaq Helsinki approves the application for admission to trading.

In certain countries, such as the United States, Australia, Canada, Hong Kong, Japan, New Zealand, South Africa and Singapore statutory limitations may apply to the distribution of this Offering Circular. This Offering Circular or any other materials relating to the Offering shall not be distributed or disseminated in any country without complying with the laws and regulations of such country. This Offering Circular does not constitute an offer to issue or sell Shares to anyone in any such country, where it would be prohibited by local laws or other regulations to offer the Shares to such person.

The Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or under the securities laws of any state of the United States and, accordingly, may not be offered or sold, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with applicable state securities laws. The Shares are being offered and sold outside the United States in compliance with Regulation S under the U.S. Securities Act. See "*Important information*".

An investment in the Offer Shares involves risks. Prospective investors should read this entire Offering Circular and, in particular, "Risk factors", when considering an investment in the Offer Shares.

Joint Global Coordinators

IMPORTANT INFORMATION

Aiforia has prepared and published a Finnish-language prospectus (the "**Finnish Prospectus**") in order to offer the Shares to the public and to apply to list the Shares on the First North maintained by Nasdaq Helsinki. Aiforia has prepared the Finnish Prospectus in accordance with the Finnish Securities Markets Act (746/2012, as amended, the "**Finnish Securities Markets Act**"), Regulation (EU) 2017/1129 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (as amended, the "**Prospectus Regulation**"), Commission Delegated Regulation (EU) 2019/980 (Annexes 1 and 11) supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, Commission Delegated Regulation (EU) 2019/979 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary on a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to prospectus and notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301, as well as the regulations and guidelines issued by the Finnish Financial Supervisory Authority (the "**FIN-FSA**"). The Finnish Prospectus also contains a summary in the format required by Article 7 of the Prospectus Regulation. The FIN-FSA has approved the Finnish Prospectus as competent authority under the Prospectus Regulation; however, it is not responsible for the accuracy of the information presented therein or herein. The register number of the FIN-FSA's approval decision is FIVA 80/02.05.04/2021. The Finnish Prospectus has been prepared in Finnish and this Offering Circular is an unofficial translation of the Finnish Prospectus. The FIN-FSA has not approved this English translation. In the event of any discrepancies between the language versions, the Finnish Prospectus shall prevail. The restrictions concerning the distribution of the Finnish Prospectus and this Offering Circular may differ from each other.

This Offering Circular is valid until the offering of the Offer Shares to the public ends. The obligation to supplement the Finnish Prospectus or this Offering Circular due to significant new factors or material mistakes or material inaccuracies in the Finnish Prospectus of this Offering Circular shall end when this Offering Circular expires.

In this Offering Circular "**Aiforia**" or the "**Company**" refers to Aiforia Technologies Plc and its subsidiaries on a combined basis, unless the context clearly requires that the expression refers to Aiforia Technologies Plc alone, a subsidiary or business area or some of these on a combined basis. However, reference to Aiforia's Shares, share capital or Aiforia's management are reference to Aiforia Technologies Plc's issued shares, share capital and management.

No person is or has been authorised to give any information or to make any representation regarding the Offering other than those contained in this Offering Circular and, if given or made, such information or representation must not be considered as having been so authorised by Aiforia or the Joint Global Coordinators. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Joint Global Coordinators in this respect, whether as to the past or the future. The Joint Global Coordinators assume no responsibility for the accuracy, comprehensiveness or verification of the information and disclaim to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise, which they might otherwise be found to have in respect of this Offering Circular or any such statement. Shareholders and prospective investors are encouraged to rely solely on the information contained in this Offering Circular as well as in the company releases published by Aiforia. Delivery of the Offering Circular shall not, under any circumstances, indicate that the information presented in the Offering Circular is correct on any day other than on the date of the Offering Circular, or that there would not have been any adverse changes or events after the date of the Offering Circular, which could have an adverse effect on Aiforia's business, financial position and results of operations.

In making an investment decision, each investor is encouraged to rely on their own examination, analysis and enquiry of Aiforia and the terms of the Offering, including the merits and risks involved. Neither Aiforia nor the Joint Global Coordinators, nor any of their respective affiliates or representatives, is making any representation to any offeree or subscriber of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. The investors are encouraged, based on their own assessment, consult their own advisers before subscribing for the Offer Shares. Investors are encouraged to make their independent assessment of the legal, tax, business, financial and other consequences of subscription for the Offer Shares. Any tax consequences arising from an investor's participation in the Offering will be solely on account of such investor. The Joint Global Coordinators are acting exclusively for Aiforia and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this Offering Circular) as its respective client in relation to the Offering. The Joint Global Coordinators will not be responsible to anyone other than Aiforia for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

This Offering Circular does not constitute an offer to sell the Offer Shares to any person in any jurisdiction in which it is unlawful to make offer to such a person, or a solicitation of an offer to subscribe or buy the Offer Shares made to a person in a jurisdiction in which it is unlawful to make such solicitation. No action has been or will be taken by Aiforia or the Joint Global Coordinators to permit any public offering of the Offer Shares outside Finland. Nevertheless, the Offer Shares may be offered to qualified investors in member states of the European Economic Area (the "**EEA**") or in the United Kingdom, if any of the regulatory exceptions is applicable.

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Offer Shares may not, with certain exceptions, be offered, sold, exercised, pledged, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with applicable state securities laws. The Offer Shares will be offered and sold inside the United States only to persons reasonably believed to be QIBs in reliance on Rule 144A, "institutional accredited investors" as such term is defined in Rule 501(a) of Regulation D under the U.S. Securities Act or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, and outside the United States in compliance with Regulation S. The Offer Shares are not transferable except in accordance with certain restrictions.

In addition to the United States, the legislation of certain other countries may restrict the distribution of this Offering Circular. This Offering Circular must not be considered an offer of securities in such country, where offering of Offer Shares would be forbidden. The Offer Shares may not be offered, sold, exercised, pledged, transferred or delivered, directly or indirectly, in or into such country. As a condition to subscribing for the Offer Shares, each subscriber will be deemed to have made, or in some cases, be required to make, certain representations and warranties regarding their domicile that will be relied upon by Aiforia and the Joint Global Coordinators. Aiforia reserves the right, in its sole and absolute discretion, to reject any subscription for Offer Shares that Aiforia or its representatives believe may give rise to a breach or violation of any law, rule or regulation.

Matters related to the Offering are governed by the laws of Finland. All disputes arising in connection with the Offering are settled exclusively by a court of competent jurisdiction in Finland.

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SUMMARY

INTRODUCTION

*This summary contains all the sections required to be included in a summary for this type of securities and issuer in accordance with the Prospectus Regulation. This summary should be considered as an introduction to this offering circular (the "**Offering Circular**"). Any decision to invest in the securities presented in this Offering Circular (the "**Shares**"), should be based on consideration of the Offering Circular as a whole by the investor. An investor investing in the Shares could lose all or part of the invested capital. Where a claim relating to the information contained in this Offering Circular is brought before a court, the plaintiff investor might, under applicable law, have to bear the costs of translating the Offering Circular before legal proceedings are initiated. Aiforia Technologies Plc ("**Aiforia**") assumes civil liability in respect of this summary only if it is misleading, inaccurate or inconsistent when read together with the other parts of the Offering Circular, or if it does not provide, when read together with the other parts of the Offering Circular, key information to said investors when considering whether or not to invest in the securities issued by Aiforia.*

Name of the issuer....................................	Aiforia Technologies Plc
Registered address....................................	Tukholmankatu 8, FI-00290 Helsinki, Finland
Business identity code	2534910-2
Legal entity identifier (LEI)	743700TJRVBX7420Y723
ISIN code of the Shares............................	FI4000507934[1]
Trading code...	AIFORIA

The shares in Aiforia are issued in the book-entry system maintained by Euroclear Finland Oy ("**Euroclear Finland**"). This Offering Circular is an unofficial English language translation of the original Finnish language Prospectus (the "**Finnish Prospectus**"). The Finnish Prospectus has been approved by the Finnish Financial Supervisory Authority (the "**FIN-FSA**") as the competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") on 26 November 2021. The FIN-FSA has only approved the Finnish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the FIN-FSA on the Finnish Prospectus shall not be considered as an endorsement of the issuer that is the subject of the Finnish Prospectus. The register number of the approval of the Finnish Prospectus is FIVA 80/02.05.04/2021.

The identity and contact details of the competent authority, the FIN-FSA, approving the Finnish Prospectus are as follows:

Financial Supervisory Authority
P.O. Box 103, FI-00101 Helsinki, Finland
Tel.: +358 9 183 51
E-mail: registry@fiva.fi

KEY INFORMATION ON THE ISSUER

Who is the issuer of the securities?

Aiforia Technologies Plc is a limited company incorporated under the laws of Finland. Aiforia is domiciled in Helsinki, Finland. Aiforia is registered in the Finnish Trade Register (the "**Trade Register**") under business identity code 2534910-2 and legal entity identifier (LEI) 743700TJRVBX7420Y723.

General

Aiforia is a Finnish company providing image analysis software utilising artificial intelligence ("**AI**"). Aiforia's business model is based on the development and utilisation of AI models in the analysis of tissue and cell samples relating to medical research and diagnostics. Software solutions offered by Aiforia are aimed at automating diagnostic analyses and the most laborious parts of image-based diagnostics by utilising deep learning AI models and cloud-based image management. Currently, Aiforia mainly offers its software solutions for the analysis of samples in pathology (such as tissue and cell samples), but Aiforia estimates that its software solutions can also be used in the future in other medical applications, in which researchers, medical doctors and other health care professionals interpret samples or images with visual means.

Aiforia's offering is divided into the sales of software solutions and services for preclinical research and the sales of software solutions and services for clinical diagnostics. Aiforia has developed for several years software solutions for preclinical

[1] After the combination of the share series.

research utilising AI, and such software solutions have already been commercialised. As at the date of this Offering Circular, Aiforia has also begun to commercialise the first software solutions and services utilising AI models intended for clinical diagnostics. Aiforia aims also to develop new AI models in order to widen the applications of its software solutions in clinical diagnostics. Aiforia has customers using its preclinical software solutions all over the world, and as at the date of this Offering Circular, its software solutions have over 3,000 active users in over 50 countries and approximately 100 customer locations. The majority of Aiforia's customers are based in Europe and North America.

Major shareholders

The following table sets forth the shareholders owning individually or through a sphere of control at least 5 per cent of the Shares in Aiforia and voting rights attached to the Shares, pursuant to information available to Aiforia before the combination of the share series. Obligations to notify and disclose major holdings and proportions of voting rights pursuant to the Finnish Securities Markets Act (746/2012, as amended, the "**Finnish Securities Markets Act**") only apply to issuers whose shares have been admitted to trading on a regulated market and to shareholders of such issuers and thus such obligations do not apply to Aiforia or its shareholders.

Shareholder	Shares, total	Shares, %	Votes, %
Ascend Tapio S.a.r.l..	4,461,150	22.34	22.34
ACME Investments SPF Sarl	2,143,050	10.73	10.73
Shandon Diagnostics Limited..........................	1,959,200	9.81	9.81
Sto-rahoitus Oy	1,444,950	7.23	7.23
Mikael Lundin..	1,414,150	7.08	7.08
Johan Lundin	1,414,150	7.08	7.08
Kari Pitkänen...	1,260,000	6.31	6.31

Aiforia's current shareholders have entered into a shareholders' agreement dated 26 May 2021 concerning Aiforia which will terminate upon the completion of the Listing. Aiforia is not aware of any arrangements or agreements concluded between its shareholders which could, after the Listing, affect the control or use of voting rights in the general meetings of Aiforia.

Key management and auditor of Aiforia

The Board of Directors of Aiforia consists of the following persons:

Name	Year of birth	Position	First elected to the Board of Directors
Pekka Mattila...	1959	Chairman of the Board	2013
Monita Au Kin Lai	1959	Member of the Board	2017
Johan Lundin...	1964	Member of the Board	2013
John Sweeney...	1970	Member of the Board	2021
John Wellbank...	1954	Member of the Board	2021
David Oliver...	1967	Deputy Member of the Board	2018
Mikael Lundin	1968	Deputy Member of the Board	2013
Kari Pitkänen...	1960	Deputy Member of the Board	2013
Tuomas Tenkanen	1961	Deputy Member of the Board	2013

The Management Team of Aiforia consists of the following persons:

Name	Year of birth	Position	Member of the Management Team since
Jukka Tapaninen...	1963	Chief Executive Officer	2020
Kaisa Helminen	1975	Chief Operating Officer	2014
Kari Pitkänen...	1960	Director of Business Development	2013
Tuomas Ropponen......................................	1978	Chief Technology Officer	2017
Veli-Matti Parkkonen	1963	Chief Financial Officer	2021

The auditor of Aiforia is Authorized Public Accountant PricewaterhouseCoopers Oy that has appointed Authorized Public Accountant Martin Grandell as the responsible auditor. Martin Grandell is registered in the auditor register in accordance with Chapter 6, Section 9 of the Finnish Auditing Act (1141/2015, as amended).

What is the key financial information regarding the issuer?

The selected financial information below has been derived from a set of Aiforia's audited consolidated financial statements which includes the consolidated financial statements as at and for the years ended on 31 December 2020, 31 December 2019 and 31 December 2018 ("**Audited Consolidated Financial Statements**") as well as Aiforia's unaudited consolidated half-yearly financial information for the six-month period ended on 30 June 2021 ("**Unaudited Half-Yearly Financial Information**) containing unaudited half-yearly financial information for the six-month period ended on 30 June 2020, presented as comparative information. The Audited Consolidated Financial Statements have been prepared in accordance with the Accounting Act (1336/1997, as amended), the Accounting Decree (1339/1997, as amended) and the guidelines and statements of the Accounting Board acting in connection with the Ministry of Economic Affairs and Employment of Finland (together Finnish accounting practice, "**FAS**"). The Unaudited Half-yearly Financial Information and the half-yearly financial information for the six-month period ended on 30 June 2020, presented as comparative information, have been prepared in accordance with the FAS and to the extent required by the section 4.4 (e) (i)–(iv) of the First North Rules.

	As at and for the six months ended 30 June		**As at and for the year ended 31 December**		
	2021	**2020**	**2020**	**2019**	**2018**
(EUR thousand)	(unaudited)		(audited, unless otherwise indicated)		
Information from the consolidated income statement					
Revenue	426	445	849	639	272
% Change in revenue	-4.2	-	32.9	134.7	-
Operating loss	-1,850	-1,204	-2,632	-3,022	-2,080
Loss for the financial period	-2,343	-1,219	-2,756	-3,053	-2,109
Earnings per share (EUR, undiluted and diluted)	-0.15	-0.09	-0.21(1)	-0.24(1)	-0.17(1)
Information from the consolidated balance sheet					
Total assets	15,271	3,866	5,268	4,238	5,580
Total equity	11,101	326	886	541	3,593
Total liabilities	4,170	3,540	4,382	3,697	1,987
Net debt	-9,020	1,613	1,295	691	-2,403
Information from the consolidated cash flow statement					
Cash flow from operating activities	-1,548	-1,625	-2,866	-2,495	-1,459
Cash flow from investing activities	-392	-298	-749	-593	-891
Cash flow from financing activities	11,757	1,634	4,003	882	378
Change in cash and cash equivalents	9,817	-289	388	-2,205	-1,972

(1) Unaudited.

(2) The Company's potential dilutive instruments consist of options. Because the Company's business has been unprofitable, the options would have no dilutive effect on earnings per share calculated on the basis of loss for the financial period and therefore have not been taken into account when calculating diluted earnings per share. Because of this, there is no difference between earnings per share adjusted for diluted and undiluted earnings per share. The number of shares used in the table is as follows: 30 June 2021: 15,261,181, 30 June 2020: 12,830,050, 31 December 2020: 13,136,640, 31 December 2019: 12,830,050 and 31 December 2018: 12,660,357. Historical figures have been adjusted considering the impact of share split resolved on 20 September 2021.

What are the key risks specific to the issuer?

- Aiforia's business is in the growth stage, and there can be no assurance of success in product development or commercialisation of new software solutions or that the business will become profitable.
- Aiforia has not previously offered software solutions or services targeted at clinical diagnostics, and the development of Aiforia's business is highly dependent on Aiforia's ability to establish customer relationships with customers operating in the field of clinical diagnostics.
- Aiforia may fail to acquire regulatory approvals, CE-IVD markings or market approvals required for offering software solutions and services for clinical diagnostics, regulatory proceedings may be delayed significantly and authorities may prohibit the sales of software solutions or artificial intelligence models already commercialized.
- Technological development and changes may decrease the use of Aiforia's software solutions and services and incur significant expenses for Aiforia to develop its technology to respond to the changes.
- The production of medical devices is a highly regulated industry, and changes in legislation or case law relating to the industry, Aiforia or Aiforia's software solutions, such as the start of application of regulation on in vitro diagnostic medical devices, may be adverse to Aiforia.
- Aiforia may not succeed in maintaining its competitiveness in relation to its competitors, and the introduction of new products to the market may have an effect on the size of Aiforia's market share.

- Aiforia may breach intellectual property rights of third parties and such breaches may lead to legal actions, which may have an adverse effect on Aiforia's business.
- Aiforia may fail to protect or defend its intellectual property rights, and Aiforia's intellectual property rights may fail to provide adequate protection for Aiforia's software solutions against possible misuse.
- Aiforia may be subjected to claims related to product liability or safety, which may have an adverse effect on Aiforia's business.

KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

The Shares are registered in the book-entry system maintained by Euroclear Finland Oy. The Shares do not have a nominal value and are denominated in euros. The Shares have been issued in accordance with Finnish laws and all Shares have been paid in full. As of the Listing, the Shares are freely transferable within the limits of the transfer restrictions described below.

As at the date of this Offering Circular, Aiforia has four share series, all of which, despite the share series, entitle to one vote in the general meeting of shareholders and are not subject to voting restrictions. The share series carry different rights to the distributions of funds. On 29 June 2021, Aiforia's Annual General Meeting resolved to combine all share series into one single share series. The decision of the Annual General Meeting concerning the combination of the share series is conditional on the decision of the Company's Board of Directors to implement the decision.

As at the date of this Offering Circular, Aiforia's Articles of Association include a redemption and a consent clause. Aiforia's Annual General Meeting held on 29 June 2021 resolved to remove these clauses. The resolution is conditional on the decision of the Company's Board of Directors to implement the decision.

Aiforia's Board of Directors resolved on 25 November 2021 to adopt the resolutions of the General Meeting concerning the combination of the share series and removal of the redemption and consent clauses when the Listing takes place.

The trading code of the Shares will be AIFORIA and the ISIN code of the Shares FI4000507934. After the combination of the share series and the amendment of the articles of association, all Shares provide equal voting rights and rights to dividend and other distribution of capital.

Aiforia's business has been unprofitable so far, and due to this, it has not distributed any dividends. In the near future, the Company expects to focus on financing its growth and commercialisation plan and the development of its business. The Company does not expect to distribute dividends in the short or medium term. In the long term, the Company's dividends and their distribution will be linked to the Company's results of operations and financial position.

Where will the securities be traded?

Aiforia intends to submit its application to Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**") for listing the Shares on the First North Growth Market Finland multilateral marketplace maintained by Nasdaq Helsinki ("**First North**") under trading code AIFORIA (the "**Listing**"). Trading in the Shares is expected to commence on the First North on or about 10 December 2021 provided that Nasdaq Helsinki accepts the Company's listing application.

What are the key risks specific to the securities?

- Aiforia's ability to pay dividends is uncertain, and it is possible that Aiforia will not pay dividends or make capital repayments at all.
- The Offering may not be subscribed for in full, or it may not be completed as planned or at all.
- The Listing may be delayed or cancelled.
- Aiforia's Shares have not been subject to public trading on any regulated market or multilateral trading facility prior to the Listing and the price of the Shares may fluctuate, and an active and liquid market may not develop for them.
- Companies listed on First North are not subject to the same securities market regulation as companies listed on a regulated market, and due to this, investing in such a company may involve more risks than investing in companies listed on regulated market.
- Future share issues, sales or other transfers, or subscriptions of the Shares on the basis of option rights or other special rights entitling to the Shares issued previously or to be issued in the future may affect the value of the Offer Shares or dilute the relative ownership and voting rights of the shareholders.

KEY INFORMATION ON THE OFFERING OF THE SECURITIES AND ADMISSION TO TRADING ON A MULTILATERAL TRADING FACILITY

Under which conditions and timetable can I invest in this security?

General terms and conditions of the Offering

Aiforia, a public limited company registered in Finland, aims to raise gross proceeds approximately of EUR 27 million by offering preliminarily a maximum 5,393,657 of new shares of the Company (the "**New Shares**") for subscription (the "**Offering**"). Unless the context otherwise requires, the New Shares (including the Personnel Shares (as defined below)) and the Additional Shares (as defined below) are collectively referred to as the "**Offer Shares**".

Depending on the demand situation, the Board of Directors of the Company has the right to increase the number of New Shares by a maximum of 998,004 New Shares of the Company (the "**Upsize Option**"). If the Upsize Option is also fully exercised, a maximum of 5,559,414 New Shares of the Company may be issued in the Offering, assuming that the Over-Allotment Option (as defined below) is not exercised and a maximum of 6,080,247 New Shares of the Company, assuming that (i) the Over-Allotment Option (as defined below) will be used in its entirety and (ii) the Final Subscription Price will be in the middle of the Preliminary Price Range (as defined below) and that (iii) in the Personnel Offering (as defined below) a maximum of 38,580 Offer Shares will be subscribed.

The Offering consists of (i) a public offering to private individuals and entities in Finland (the "**Public Offering**"), (ii) an institutional offering to institutional investors in Finland and, in accordance with applicable laws, internationally outside the United States (the "**Institutional Offering**"), and (iii) a personnel offering to the permanent employees of the Company and its subsidiaries outside of the United States and the members of the Board of Directors and Management Team of the Company as well as the CEO ("**Personnel Offering**").

Preliminarily a maximum of 998,004 Offer Shares are offered in the Public Offering to private individuals and entities in Finland. The Company will decide on the allocation of Offer Shares in the Public Offering to investors after the pricing. Commitments (as defined below) may be approved or rejected in whole or in part. In the event of an oversubscription, the Company aims to approve investors' Commitments in whole up to 100 Offer Shares and, for Commitments exceeding this amount, the Company allocates Offer Shares in proportion to the amount of Commitments unmet.

Preliminarily a maximum of 4,750,499 Offer Shares are being offered in the Institutional Offering to institutional investors in Finland and, in accordance with the applicable laws, internationally outside the United States. A maximum of 44,356 shares of the Company (the "**Personnel Shares**") are being offered in the Personnel Offering to full-time and part-time permanent employees of the Company and its subsidiaries outside the United States who are employed at the commencement of the subscription period 29 November 2021 and to the members of the Company's Board of Directors and Management Team and the CEO. Depending on the demand, the Company may reallocate Offer Shares between the Public Offering, Institutional Offering and the Personnel Offering in deviation from the preliminary number of shares without limitation. However, the minimum number of Offer Shares to be offered in the Public Offering will be 460,829 Offer Shares or, if the aggregate number of shares covered by the Commitments submitted in the Public Offering is smaller than this, such aggregate number of Offered Shares as covered by the Commitments.

The Offer Shares are being offered in deviation from the shareholders' pre-emptive subscription right in order to enable the listing of all shares of the Company on the First North. The payment made to the Company for approved subscriptions for New Shares will be recorded in its entirety in the reserve for invested unrestricted equity, thus the Company's share capital will not increase in connection with the Offering.

UB Asset Management Ltd on behalf of its certain clients, Suotuuli Oy, Verman Group Oy, certain funds managed by UB Fund Management Company Ltd, Thomasset Oy, ACME Investments SPF Sarl, Sto-Finance Ltd, Moomin Characters Oy Ltd, certain funds managed by entities owned by Aktia Bank Plc, DAKAR Oy, Aderno Oy, certain funds managed by Sp-Fund Management Company Ltd, Joensuun Kauppa ja Kone Oy, Taloustieto Incrementum Oy, Markku Kaloniemi, Mikko Laakkonen and Timo Soininen (together the "**Cornerstone Investors**") have committed to subscribe for Offer Shares for in aggregate EUR 20.87 million in the Offering, subject to certain conditions being fulfilled, provided that the combined value of the Company's Shares does not exceed the maximum valuations set forth in the subscription undertakings. Cornerstone Investors, whose subscription commitments amount to EUR 13.5 million in total, have committed to subscribe for Offer Shares provided that the imputed Final Subscription Price does not exceed EUR 6.01. In addition, certain subscription commitments of the Cornerstone Investors are conditional on the Company being able to raise at least EUR 25 million in gross proceeds through the Offering. According to the terms and conditions of the subscription undertakings, the Cornerstone Investors will be guaranteed the number of Offer Shares covered in the subscription undertakings. The Cornerstone Investors will not be compensated for their subscription undertakings.

Swedbank AB (publ) ("**Swedbank**") and UB Securities Ltd ("**UB Securities**") act as the joint global coordinators in the Offering and as subscription places of the Institutional Offering (Swedbank and UB Securities together, the "**Joint Global Coordinators**"). Nordnet Bank AB ("**Nordnet**") acts as a subscription place of the Public Offering, Institutional Offering and the Personnel Offering.

The Company is expected to grant Swedbank as stabilizing manager (the "**Stabilizing Manager**") an over-allotment option, which would entitle the Stabilizing Manager to subscribe for up to 598,802 additional new shares of the Company (the "**Optional Shares**") at the Final Subscription Price solely for the purpose of stabilization and to cover over-allotments, if any, in connection with the Offering (the "**Over-Allotment Option**"). The Over-Allotment Option would be exercisable within 30 days from the commencement of trading of the Shares on First North Growth Market (which is expected to be the period between 10 December 2021 and 8 January 2022) (the "**Stabilization Period**"). The Optional Shares represent approximately 2.1 percent of the Shares and votes after the Offering, assuming that the Company will issue 5,212,191 Offer Shares. However, the Optional Shares always correspond to a maximum of 15 percent of the total number of New Shares without the Upsize Option.

Subscription price and subscription period

The preliminary subscription price for the Offer Shares in the Public Offering and the Institutional Offering is a minimum of EUR 5.01 and a maximum of EUR 6.51 per Offer Share (the "**Preliminary Price Range**"). The Preliminary Price Range may be changed during the subscription period. The possible change will be announced with a company release and on the Internet at investors.aiforia.com/ipo, and at the subscription places for the Public Offering and Personnel Offering. If the upper limit of the Preliminary Price Range increases or the lower limit decreases as a result of the change, the Finnish Prospectus published by the Company in connection with the Offering will be supplemented and the supplement will be published in a company release. If the Prospectus is supplemented, investors shall have the right to use their right to cancel in accordance with the Prospectus Regulation as described in the section "– *Cancellation of Commitments*" below.

The subscription period for the Public Offering will commence on 29 November 2021 at 10.00 a.m. (Finnish Time) and end on 8 December 2021 at 4.00 p.m. (Finnish Time). The subscription period for the Institutional Offering will commence on 29 November 2021 at 10.00 a.m. (Finnish Time) and end on 9 December 2021 at 11.00 a.m. (Finnish Time). The subscription period for the Personnel Offering will commence on 29 November 2021 at 10.00 a.m. (Finnish Time) and end on 8 December 2021 at 4.00 p.m. (Finnish Time).

The Company's Board of Directors has, in the event of an oversubscription, the right to discontinue the Public Offering and the Institutional Offering to end at the earliest on 7 December 2021 at 4.00 p.m. (Finnish time). In addition, the Company's Board of Directors may, at its discretion, decide to suspend the Personnel Offering at the earliest on 7 December 2021 at 4.00.p.m. Finnish Time. The Public Offering, the Institutional Offering and the Personnel Offering may be discontinued or not be discontinued independently of one other. A company release regarding the suspension will be published immediately.

The Company's Board of Directors may extend the subscription periods of the Institutional Offering, the Public Offering, and the Personnel Offering. A possible extension of the subscription period will be communicated through a company release, which will indicate the new end date of the subscription period. The subscription periods of the Institutional Offering, the Public Offering and the Personnel Offering will in any case end on 20 December 2021 at 11.00 a.m. (Finnish time) at the latest. The Company's Board of Directors may extend or refrain from extending the subscription periods of the Public Offering, the Institutional Offering and Personnel Offering independently of one another. A company release concerning the extension of the subscription period must be published no later than on the estimated final dates of the subscription periods for the Public Offering, the Institutional Offering and the Personnel Offering stated above.

Cancellation of Commitments

A commitment to subscribe for the Offer Shares in the Public Offering or a commitment to subscribe for the Personnel Shares in the Personnel Offering (the "**Commitment**") cannot be amended. The Commitment may be cancelled only in situations pursuant to Article 23 of the Prospectus Regulation.

If the Finnish Prospectus is supplemented pursuant to the Prospectus Regulation due to a significant new factor, material mistake or material inaccuracy, which may affect the assessment of the Offer Shares ("**Grounds for Supplement**"), investors who have subscribed for Offer Shares before the supplement is published shall have the right to withdraw their subscriptions during a cancellation period which shall last for three (3) working days from the publication of the supplement of the Finnish Prospectus. The cancellation right is further conditional on that the Grounds for Supplement was noted prior to the end of the Subscription Period.

The Company will announce cancellation instructions by way of a company release. This company release shall also announce investors' right to cancel Commitments, the period within which Commitments may be cancelled and more detailed instructions on cancellation. After the end of the cancellation period, the right of cancellation will lapse.

Fees and Expenses

The Company will pay the Joint Global Coordinators a commission, which is based on the Company's gross proceeds received from the Offer Shares. Additionally, the Company may in its discretion pay an incentive payment to the Joint

Global Coordinators. In addition, the Company has agreed to reimburse the Joint Global Coordinators for certain expenses. The Company expects to pay approximately a maximum of EUR 3 million in fees and expenses in connection with the Offering, assuming that the discretionary incentive fee is paid in full and that the Company issues 4,691,358 Offer Shares at a subscription price of EUR 5.76 (The number of Offer Shares has been calculated assuming that the Over-Allotment Option and Upsize Option will not be exercised).

Dilution

The maximum number of Offer Shares offered in the Offering represents 25.9 percent of all Shares and votes after the completion of the Offering, assuming that the Over-Allotment Option and the Upsize Option will be exercised in full and that the Final Subscription Price is the lowest price of the Preliminary Price Range and that a total of 44,356 Offer Shares will be subscribed in the Personnel Offering. In the event that existing shareholders of the Company do not subscribe for the Offer Shares in the Offering, their total holding of shares would be diluted by 25.9 percent. Correspondingly, if the Final Subscription Price is the highest price of the Preliminary Price Range, the existing shareholders' total holding of shares would be diluted by 21.2 percent.

The Company's equity per Share was EUR 0.60 as at 30 June 2021.

Lock-ups

The Company will agree, and the members of the Company's Board of Directors and Management Team as well as the Company's existing shareholders have agreed that during the period that will end on the date that falls 180 days from the Listing and the commencement of trading (i.e. on or about 8 June 2022), they will not, without the prior written consent of the Joint Global Coordinators (which consent may not be unreasonably withheld), issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares or enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequence of ownership of Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise, or submit to the Company's general meeting a proposal to effect any of the foregoing. The Company lock-up does not apply to the Offering, the prior rights to purchase or subscribe Shares on the grounds of warrants, options or other special rights entitling to the Shares. In addition, certain exceptions apply to the shareholders' lock-ups. As a condition for participating in the Personnel Offering, the persons entitled to participate in the Personnel Offering while making the subscription simultaneously agree to comply with the lock-up which applies to the subscribed and allocated Personnel Shares and which will end on the date that falls 360 days from the Listing.

The lock-up applies to approximately 81.1 percent of the Shares and votes after the Offering assuming that (i) the Over-Allotment Option and Upsize Option will not be exercised (approximately 76.8 percent assuming that the Over-Allotment Option and Upsize Option will be exercised in full), (ii) the Company will issue 4,691,358 Offer Shares (the number of Offer Shares has been calculated assuming that the Final Subscription Price is in the middle of the Preliminary Price Range and that a total of 38,580 Offer Shares will be subscribed in the Personnel Offering at a lower subscription price applicable to the Personnel Shares).

Why is this Offering Circular being produced?

Aiforia has prepared and published this Offering Circular to offer the Offer Shares to the public.

Reasons for the Offering

The objective of the Offering and the contemplated Listing is to enable the Company's growth strategy with the proceeds raised in the Offering. The Offering and the contemplated Listing are expected to increase the general interest of the investors, business partners and clients towards the Company, as well as enhance the Company's ability to recruit and engage key employees. In addition, the Offering allows the Company an access to capital markets as well as expands the Company's owner base with domestic and foreign investors. The Offering and the contemplated Listing allow the Company to increase liquidity in the future as well as to use the Company's Shares more efficiently in employee remuneration.

Use of proceeds

The Company aims to raise gross proceeds of approximately EUR 27 million from the Offering, assuming that the Offering is fully subscribed. The Company estimates to receive net proceeds of approximately EUR 24 million from the Offering. The Company intends to use the net proceeds from the Offering to support the Company's growth strategy predominantly in the following way: (i) approximately 50 per cent to sales and marketing; and (ii) approximately 50 per cent to research and development as well as other operational purposes. The Company expects to use the proceeds from the Offering for sales and marketing to strengthen both its internal sales organisation and sales through partners and increase brand awareness. The Company expects to use proceeds from the Offering for research and development and other operational purposes to develop artificial intelligence models and software solutions for both preclinical research and clinical diagnostics.

Interests Relevant to the Offering

The Joint Global Coordinators and/or their related parties have offered, and may offer in the future, advisory, consulting, and/or banking services to the Company. In relation to the Offering, the Joint Global Coordinators and/or investors who are related parties to the Joint Global Coordinators may take on their own account part of the Offer Shares, and in this position, hold, sell, or purchase Offer Shares on their own account, and may offer or sell Offer Shares outside the Offering in accordance with the applicable laws. The Joint Global Coordinators do not intend to announce the extent of such investments or transactions unless required by law.

Applicable Law

The Offering shall be governed by the laws of Finland. Any disputes arising in connection with the Offering shall be settled by a court of competent jurisdiction in Finland

RISK FACTORS

Investing in the Shares involves certain risks, some of which may be significant. Investors considering investing in the Shares are encouraged to carefully review the information contained in this Offering Circular, and in particular, the risk factors described below. The following description of the risk factors is based on information known and assessed on the date of this Offering Circular and, therefore, it is not necessarily exhaustive. Furthermore, Aiforia's business may involve risks that are not known or considered material at the date of this Offering Circular but that could have an adverse effect on Aiforia's business, financial position, results of operations or future prospects as well as on the value of the Shares. Should one or more of the risk factors materialise, it could have a material adverse effect on Aiforia's business, financial position, results of operations and future prospects as well as on the value of the Shares. Should one or more of the risks materialise or the likelihood of their materialisation increase, the investors in the Shares could lose their investment partially or in full.

The risks presented herein are divided into seven categories depending on their nature. Although the order in which the categories are presented does not indicate their materiality, the risk presented first in each category is the risk which Aiforia assesses to be the most material, taking into consideration its potential negative impact on Aiforia and the probability of its occurrence. The categories are:

1. *Risks related to Aiforia's operating environment*
2. *Risks related to Aiforia's business operations*
3. *Risks related to Aiforia's information systems and intellectual property rights*
4. *Legal and regulatory risks*
5. *Risks related to Aiforia's financial position*
6. *Risks related to the Offering and the Listing*
7. *Risks related to the Shares*

Risks related to Aiforia's operating environment

Global epidemics and pandemics, such as the coronavirus pandemic, may have a material adverse effect on Aiforia's business

Global epidemics and pandemics, such as the ongoing coronavirus (COVID-19) pandemic, could have a direct or indirect effect on Aiforia's business, due to, among other things, restrictions and other measures imposed to contain an epidemic or pandemic and prevent its spread. Aiforia uses both Finnish and foreign experts and employees in its business, in addition to which Aiforia's management personnel reside, either permanently or temporarily, in several different countries. In many countries, restrictions on the movement of people have been imposed due to the coronavirus pandemic by sealing off areas and cities and placing people in quarantine to prevent the spread of the coronavirus. Restrictions have also been imposed on the movement of people by placing travel restrictions of various types and durations between different states, and borders have occasionally been completely closed. Similarly, many countries have been forced to impose restrictions on gatherings. Such restrictions have impacted, and may also in the future impact, the availability of experts and employees used by Aiforia and impede the activities of the key personnel internationally, as well as hinder the sales and marketing of the Company's products. If, due to restrictions imposed, Aiforia is unable to use its necessary personnel and experts in its product development and the sales and marketing of its products as planned, or if its management personnel are unable to perform their duties as planned, this could lead to delays in product development, commercialisation and product sales and an increase in the costs.

The impacts of the aforementioned issues with the availability of employees and other problems are not limited to Aiforia alone, but also concern the suppliers Aiforia needs in its business, the distributors who sell Aiforia's services and other contractual partners. Since Aiforia has distribution agreements and other contracts with international operators across the world, in addition to which Aiforia also uses foreign experts and employees in its business, the emergencies and restrictions imposed in other countries than Finland may also have a material adverse effect on Aiforia's operations.

The movement restrictions imposed to control the spread of the pandemic caused by the coronavirus have restricted and may also in the future restrict Aiforia's opportunities to create new customer contacts and thus slow down Aiforia's new customer acquisition. As Aiforia's business is in the development stage, the sales and marketing of Aiforia's software solutions and services require special efforts. The sales of Aiforia's software solutions may, for example, require sales meetings at the customers' premises, in which the customers are shown detailed demonstrations of Aiforia's software solutions. Movement restrictions and other restrictions have prevented, and may also in the future prevent, the Company from arranging such meetings, which could lead to Aiforia being unable to acquire new customers for its software solutions to the planned extent, or at all. In addition, the customers' financial uncertainty due to the pandemic may lead to customers postponing or cancelling their procurement decisions or to significant delays in the processes concerning the customers' procurement decisions.

The growing need for diagnosing and testing for other diseases due to global pandemics or epidemics may also impact the demand for Aiforia's services. The coronavirus pandemic is estimated to have impacted, and to continue to impact, the demand for diagnosing and testing for other diseases negatively, which in turn has slowed down progress in certain cooperation projects of Aiforia. The impacts of the coronavirus pandemic on Aiforia are also described below under "*Operating and financial review – Key factors affecting the results of operations*". It is possible that, for example, the tests needed for diagnosing coronavirus and congestion in testing services may continue to lead to a decrease in the number of tests needed for diagnosing other diseases and in the amount of resources available for them. In such a case, analyses of pathology samples that are critical for Aiforia's business may be reduced or postponed, at least temporarily, which could have an effect on the demand for the Company's software solutions and services, especially in the short term. The coronavirus pandemic or other similar global pandemics may also lead to Aiforia's customers reallocating their internal resources, such as personnel needed for diagnostics, to other purposes. Such reallocations of resources could delay the customers' internal development projects, such as the introduction of artificial intelligence solutions in the analysis of pathology samples, and thus reduce demand for Aiforia's software solutions and services.

The ultimate impacts of the coronavirus pandemic that is ongoing at the date of this Offering Circular (including the timing, duration and extent of the impacts) on Aiforia's business and Aiforia's contractual partners are difficult to assess, particularly because the pandemic situation and the consequent measures of the public authorities change rapidly. Aiforia estimates that the pandemic situation may impact the availability of experts and employees, at least in the short term, and consequently cause delays in the sales of Aiforia's software solutions and services and its product development as well as increase costs. Any risk described above, should it materialise, may have a material adverse effect on Aiforia's business, financial position, results of operation and future prospects through, among other things, slower product development and production, as well as decreased demand.

Technological development and changes may decrease the use of Aiforia's software solutions and services and incur significant expenses for Aiforia to develop its technology to respond to the changes

Aiforia's industry is susceptible to technological change and, even though technological progress in the field of pathology has been historically relatively slow, it is likely that technological progress will also accelerate in pathology going forward. Technological development may lead to the introduction of new more effective solutions to the market. Technological progress may lead to, for example, the development and commercialisation of higher quality, more cost-effective, more accurate and more easily scalable services than before (for more information on the technological development in the field of pathology, see "*Market and industry review – Market trends – Technology enabling development of AI models and utilisation of a cloud environment*". It is possible that Aiforia will be unable to develop its software solutions and services rapidly enough to respond to technological advances. This in turn may lead to a decrease in the use of Aiforia's software solutions and services in a situation where Aiforia's customers elect to use the products or services brought to the market by Aiforia's competitors.

On the other hand, the development of Aiforia's technology to respond to advances in technology may incur significant additional costs for Aiforia and as such, have an effect on Aiforia's profitability. Thus, technological development and changes in the technology used in Aiforia's field of business may have a material adverse effect on Aiforia's business, financial position, results of operations and future prospects.

Risks related to Aiforia's business operations

Aiforia's business is in the growth stage, and there can be no assurance of success in product development or commercialisation of new software solutions or that the business will become profitable

Aiforia was established in 2013, and its business is still in the growth stage. Aiforia's current business focuses on the sale of its existing software solutions and services for pre-clinical analyses, as well as on the development and commercialisation of new software solutions and services for clinical diagnostics. As at the date of this Offering Circular, Aiforia has begun to commercialise its first software solutions for clinical diagnostics that utilise artificial intelligence models, in addition to which it aims to develop new diagnosis-specific artificial intelligence models so as to increase the diversity of the purposes for which clinical diagnostic services can be used (for more information, see "*Business overview – Software solutions and services*").

Aiforia has not yet commercialised its services on a large scale, and the future success of Aiforia's business and results of operations are dependent on the Company's ability and opportunities to develop software solutions and services that can be commercialised on a wide scale and that will be broadly adopted. The Company's future prospects and profit-making ability are materially dependent on whether the Company succeeds in acquiring customers for its software solutions and services intended for clinical diagnostics for instance in Europe and the United States and on the timetable for this. For more information on factors affecting the results of operations and profitability, see "*Operating and financial review – Key factors affecting the results of operations*". There is a risk that the Company will not succeed in the estimated manner or the planned timetable to develop software solutions and services that are adopted commercially on a wide scale. Furthermore, there are no guarantees that Aiforia will succeed in developing new diagnosis-specific artificial intelligence models or introducing such new models to the market as planned, or at all. Should Aiforia fail to commercialise its software solutions and services or new diagnosis-specific artificial intelligence models, or their commercialisation is slower than expected, this could have a material adverse effect on the development of its business and on its sales profits, and the business may not necessarily turn profitable at all.

Until now Aiforia has financed its operations mainly with equity financing, such as share issues, and research and product development loans. As at the date of this Offering Circular, Aiforia's business is still not profitable, and Aiforia's operations have generated a loss in every financial year since Aiforia's incorporation. There can be no assurance that Aiforia will succeed in increasing its business in Europe or other markets, such as the United States, as planned or at all.

The development and commercialisation of Aiforia's software solutions and services has incurred and will continue to incur significant costs for the Company. It is possible that, as Aiforia's business grows, Aiforia will not be able to create an appropriate organisation for effectively pursuing and managing its business. The large-scale commercialisation of Aiforia's software solutions and services will also require significant marketing and sales resources, and it is possible that Aiforia will not succeed in creating the necessary marketing and sales organisation or that its marketing and sales measures will not produce the estimated results. Failure in the activities required for large-scale commercialisation of software solutions and services, such as sales and marketing activities, may have a material adverse effect on Aiforia's business, financial position, results of operations and future prospects.

Aiforia has not previously offered software solutions or services targeted at clinical diagnostics, and the development of Aiforia's business is highly dependent on Aiforia's ability to establish customer relationships with customers operating in the field of clinical diagnostics

Aiforia intends to offer its software solutions and services to a considerable extent to operators in the clinical diagnostics field, and such operators are intended to account for a significant share of Aiforia's customer base in the future (for more information, see "*Business overview – Software solutions and services – Preclinical research and clinical diagnostics – Clinical diagnostics*"). Aiforia estimates that customer relationships in the clinical diagnostics field hold the greatest revenue potential among the different customer segments, and the future development of Aiforia's business is thus significantly dependent on Aiforia's ability to conclude profitable agreements with such customers and on demand from these customers for Aiforia's software solutions and services.

As at the date of this Offering Circular, Aiforia has begun to commercialise software solutions and services intended for clinical diagnostics. In 2020, all of Aiforia's revenue was generated by customers in the field of pre-clinical analysis, and Aiforia's clinical diagnostics software solutions were only used by a limited number of test customers (see also "*Business overview – Software solutions and services – Preclinical research and clinical diagnostics – Clinical diagnostics*"). Although Aiforia has profitable customer agreements with customers operating in the field of pre-clinical analysis both in Finland and abroad, there can be no guarantees that Aiforia will be able to conclude profitable customer and cooperation agreements with customers in the field of clinical diagnostics to the extent it predicts, or at all. It is also possible that the number of samples analysed by such customers will be smaller than Aiforia estimates, which will impact the amount of revenue generated by such customers. If Aiforia is unable to demonstrate that it is able to create sufficient added value for customers in the field of clinical diagnostics, or if the customers are, for instance, not satisfied with the functionality or reliability of Aiforia's software solutions, such customers may use Aiforia's software solutions and services to a lesser extent than Aiforia has estimated when entering into agreements. It is also possible that Aiforia's customers, such as hospitals and laboratories, will not adopt the software solutions offered by Aiforia in the manner or to the extent expected by Aiforia due to the fact that Aiforia's software solutions represent new technology for these customers who have no prior experience in its use. In such an event, the number of samples analysed by individual customers using Aiforia's software solutions may be significantly lower than estimated by Aiforia, resulting in significantly lower revenue generated from individual customers than what Aiforia has estimated. This, in turn, could have a material adverse effect on the estimated development of Aiforia's business and revenue.

Failure in the marketing and commercialisation of software solutions and services for clinical diagnostics could lead to Aiforia failing to make its operations profitable within the planned timetable or at all. Failure in the commercialisation of the software solutions and services for clinical diagnostics would force Aiforia to alter its product development and business plan and, possibly, to develop completely new software solutions and services, which would result in significant additional costs for the Company. Furthermore, there are no guarantees that Aiforia would have the necessary financing to cover such costs, (for more information, see *"– Risks related to Aiforia's financial* position – *Aiforia is dependent on external* *financing and it may face difficulties in obtaining financing with competitive terms and conditions, or at all, and Aiforia may fail to refinance its debts when they mature*" below).

Should Aiforia fail to enter into agreements with clients in the field of clinical diagnostics industry, this may have a material adverse effect on Aiforia's business, financial position, results of operations and future prospects.

Aiforia may fail to acquire regulatory approvals, CE-IVD markings or market approvals required for offering software solutions and services for clinical diagnostics, regulatory proceedings may be delayed significantly and authorities may prohibit the sales of software solutions or artificial intelligence models already commercialised

The sale of the clinical diagnostics software solutions and services offered by Aiforia may in certain countries require Aiforia to obtain the necessary regulatory approvals for the software solutions and services it provides. Within the European Union, placing medical software on the market requires a conformity assessment procedure and the related Declaration of Conformity (for more information, see "*Business overview – Regulatory environment and standards in clinical diagnostics – Introduction to the market in the European Union*"). The provision of clinical diagnostics software solutions and services outside the European Union may, however, require separate advance regulatory approvals or market approvals to enable Aiforia to offer its software solutions and services in such countries. The legislation and regulatory procedures applicable to the provision of Aiforia's software solutions and services and the requirements for market approvals may differ considerably outside the European Union from the regulatory procedures and requirements for market approvals applicable within the European Union. It is therefore possible that the authorities may rule that the software solutions and services offered by Aiforia, including the artificial intelligence models it has created, do not comply with the requirements of the applicable regulations, and for this reason the authorities will not grant the necessary approvals for the commercial provision of such software solutions and services. It is also possible that, due to future changes in regulation, such as the start of application of regulation on in vitro diagnostic medical devices, advance market approvals or regulatory approvals will be required for the utilisation of artificial intelligence models in the European Union as well. In such an event, the Company will not obtain the estimated benefits from the resources it has dedicated to the provision of these software solutions and services, such as the creation of artificial intelligence models, within the estimated timetable or at all, which could impact the profitability of Aiforia's business. For more information on the risks relating to regulatory changes, see "*Legal and regulatory risks – The production of medical devices is a highly regulated industry, and changes in legislation or case law relating to the industry, Aiforia or Aiforia's software solutions, such as the start of application of regulation on in vitro diagnostic medical devices, may be adverse to Aiforia*".

As at the date of this Offering Circular, the Company has two CE-IVD[2] marked diagnosis-specific artificial intelligence models which can be utilised in clinical diagnostics within the European Union (for more information, see "*Business overview – Software solutions and services – AI models for clinical diagnostics*"). However, there are no guarantees that the Company will succeed in obtaining the necessary CE-IVD marking or market approval for artificial intelligence models intended for diagnosing other diseases. In addition, it is possible that artificial intelligence models, CE-IVD marked in the European Union, may not be accepted for commercial use in other countries where Aiforia intends to offer these artificial intelligence models to customers operating in the field of clinical diagnostics. It is also possible that authorities may later ban the commercial utilisation of artificial intelligence models already offered by Aiforia to its customers, if the authorities deem an artificial intelligence model to be non-compliant with the applicable regulations.

Furthermore, it is possible that the official procedures required for offering clinical diagnostics software solutions and services, such as the process of obtaining a market approval, are particularly lengthy in different countries, such as in the United States, and that such procedures may be delayed. The progress of the market approval process for Aiforia's new software solutions is partly beyond the Company's control, and thus Aiforia is unable to influence, for example, how long it will take the authorities to process the market approval applications for the products. Should the official procedures required for providing software solutions and services become more prolonged than Aiforia has predicted, this could slow down the offering of the software solutions and services in new markets and thus slow down the execution of Aiforia's business plan.

Any aforementioned risk relating to regulatory approvals, should it materialise, may have a material adverse effect on Aiforia's business, financial position, results of operations and future prospects.

The development of Aiforia's software solutions based on the utilisation of artificial intelligence is dependent on the availability of samples required for training artificial intelligence

The software solutions developed by Aiforia are based on artificial intelligence models that are developed using pathological sample material. For Aiforia to be able to expand the application of its software solutions into the analysis of

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[2] CE-IVD marking means a marking of conformity in accordance with the Regulation (EU) 2017/46 of the European Parliament and the Council on in vitro medical devices. For more information, see "*Business overview – Regulatory environment and standards in clinical diagnostics*".

new sample types, and thus to develop existing and new software solutions and the artificial intelligence used in them, the Company needs access to a significant number of pathology samples. Aiforia is therefore dependent on the samples provided by its partners, such as laboratories, and commercially procured samples, as well as their number. Aiforia needs a sufficient number of partners that provide it with samples for the development of artificial intelligence, and it is possible that Aiforia will not be able to enter into the cooperation agreements necessary for obtaining samples with, for example, laboratories or biobanks (for more information, see "*Business overview – Software solutions and services – AI models for clinical diagnostics*" and "*Business overview – Research and development*").

If Aiforia cannot access a sufficient number of samples, the Company will not be able to develop adequately versatile artificial intelligence models, which in turn may slow down or prevent the development of the Company's existing or planned software solutions. In this case, Aiforia will not be able to offer new software solutions and services to its customers as planned. Should the Company fail to enter into cooperation agreements on the delivery of the required samples, this may have a material adverse effect on Aiforia's business, financial position, results of operations and future prospects.

Aiforia's customer base is concentrated and the loss of individual large customers may have a material adverse effect on the development of Aiforia's business

During the six-month period ended 30 June 2021, Aiforia's largest ten customers accounted for approximately 58 percent of Aiforia's invoicing, with the largest customer accounting for approximately 11 percent of Aiforia's invoicing (for more information, see "*Business overview – Sales and customers*")[3]. Aiforia's customer base is predicted to remain concentrated in the future, and the loss of individual large customers could have a material adverse effect on the estimated development of Aiforia's business. If Aiforia fails to retain such customers or significant customers do not use Aiforia's software solutions and services to the estimated extent, this would have a significant effect on the accrual of Aiforia's sales revenue and as such, on Aiforia's business, financial position, results of operations and future prospects.

Aiforia may not succeed in achieving or maintaining competitiveness in relation to its competitors, and the introduction of new products to the market may have an effect on the size of Aiforia's market share

Although there are other companies in the market offering clinical diagnostics software solutions that utilise deep learning artificial intelligence similarly to Aiforia, according to Aiforia's estimate, the software solutions of such competitors are still in the early commercialisation stage, as is the case with Aiforia's software solutions. In addition, the market for clinical diagnostics that utilise artificial intelligence is still developing (for more information on the competition situation, see "*Market and industry review – Competitive landscape*"). For this reason, in Aiforia's view, the wide-scale commercialisation of its software solutions among the first actors will play a key role in the estimated development of the business.

If Aiforia's competitors succeed in the wide-scale commercialisation of their software solutions earlier or more successfully than Aiforia, this could have an impact on the size of the market share that Aiforia will succeed in gaining with its software solutions in the planned addressable market. It is also possible that Aiforia will not succeed in achieving or maintaining competitiveness in relation to its current and future competitors or that Aiforia's assessment of the commercialisation stage of its competitors' services proves to be materially incorrect and Aiforia's competitors will succeed in commercialising clinical diagnostics software solutions that utilise artificial intelligence considerably earlier than Aiforia has estimated (for more information on factors affecting the competitiveness, see "*Business overview – Aiforia's strengths*"). In the field of pathology, technological solutions have historically been adopted relatively slowly, and if a product of the Company's competitors is adopted as part of the work process of one or more major laboratories, there may be a high threshold for these laboratories to switch to Aiforia as their software solution provider and, consequently, it is more unlikely that other laboratories would adopt Aiforia's software solutions. In such an event, Aiforia will not necessarily succeed in achieving as large a market share as it has planned, which would have an impact on the earnings generated by the implementation of the commercialisation plan and on the development of Aiforia's financial position both in the short and in the long term.

Moreover, it is possible that, as the clinical diagnostics services market develops, it will see the entry of wholly new competing products or services that generate more added value for the customer than the software solutions and services offered by Aiforia. New competing products or services could be more cost-efficient for Aiforia's customers compared to Aiforia's services, which in turn could lead to a general drop in market prices. Such a general decline in market prices can also have an impact on the pricing of Aiforia's software solutions and services. In this case, the margins earned on the sale of Aiforia's software solutions and services may decrease, which would weaken the profitability of Aiforia's business.

If a competitor of Aiforia succeeds in commercialising its products and services widely before Aiforia or substantially at the same time as Aiforia, or if prices decline generally in the market for products and services related to clinical diagnostics,

[3] Customer distribution information is based on Aiforia's invoicing and is not audited and contains certain assumptions made by the management. Accordingly, information should be considered to describe the customer distribution in an indicative manner.

this may have a material adverse effect on Aiforia's plans for growth and as such, on Aiforia's business, financial position, results of operations and future prospects.

Aiforia is dependent on its ability to recruit key employees and retain them in Aiforia's service

During the six-month period ended 30 June 2021, Aiforia employed on average 33 persons (converted to full-time employment) (for more information, see "*Business overview – Personnel and organisation*"), and Aiforia is small in terms of the number of personnel compared to companies with a more established business. The competence and experience of the Company's key personnel and other key persons are key factors for the development of Aiforia's business. Since the development of Aiforia's business is materially dependent on the competence of the Company's employees and management, it is also materially dependent on the Company's ability to retain its current key persons and to recruit new, competent personnel and other key persons in the future, where necessary. Due to the small number of the Company's personnel, the departure of several key persons simultaneously from the Company can cause temporary disruptions in the Company's operating activities and the planned development of its operations.

Aiforia's industry requires Aiforia's employees and management personnel to possess special competence and expertise in the software solutions offered by the Company. Senior-level experts or competent marketing personnel may be difficult to recruit, especially in Finland. For this reason, the Company may be forced to recruit experts both in Finland and abroad, and it has previously done so. Due to the limited number of experts, the recruitment processes may be lengthy and recruitments abroad may prolong it even further, which could result in delays in, for example, the Company's product development, as well as in disruptions in Aiforia's operating activities and the planned development of Aiforia's operations.

To succeed in recruiting the best experts in its field and to commit them to the Company, Aiforia must also maintain its position as an attractive employer and partner. Aiforia's reputation and ability to develop its software solutions and services, business and financial position are key factors in this respect. Negative publicity concerning, for example, Aiforia's financial position, the safety of Aiforia's software solutions, intellectual property rights and potential breaches thereof, compliance with legislation and official regulations, the fulfilment of other obligations or failure in the execution of future plans could weaken Aiforia's reputation among potential employees and thus erode Aiforia's ability to recruit competent personnel and other key persons.

Failure in retaining or recruiting key employees and other key individuals may have a material adverse effect on Aiforia's business, financial position, results of operations and future prospects.

Risks related to Aiforia's information systems and intellectual property rights

Aiforia may breach intellectual property rights of third parties and such breaches may lead to legal actions, which may have an adverse effect on Aiforia's business

It is important for Aiforia's reputation and business that the Company does not breach the intellectual property rights of third parties in its business activities. However, Aiforia may unintentionally breach the intellectual property rights of third parties in its business activities, and there are no assurances that the Company's current or future products do not, or will not in the future, breach the intellectual property rights of third parties, such as patents. Such breaches may lead to legal actions. Legal actions, such as legal proceedings, would primarily require significant personnel and time resources as well as financial resources from the Company, and there are no assurances that the Company would have the necessary resources available. Legal actions could also lead to restrictions on the Company's operations, annulment or abrogation of the Company's intellectual property and liability to pay compensation for damages.

In addition to this, an alleged or proven breach of intellectual property rights of a third party could damage the Company's reputation, which could impact the Company's ability to enter into new contractual relationships or maintain its present ones, weaken demand for the Company's current software solutions and make it more difficult to commercialise new software solutions. The materialisation of any risk described above may have a material adverse effect on Aiforia's business, financial position, results of operations and future prospects.

Aiforia may fail to protect or defend its intellectual property rights, and Aiforia's intellectual property rights may fail to provide adequate protection for Aiforia's software solutions against possible misuse

Aiforia's intellectual property rights consist of a patent, trademarks, domain names and unregistered intellectual property rights, such as know-how and trade secrets. In particular, the patent granted to Aiforia in the United States regarding the utilisation of interactive machine learning in pathology sample analysis is a significant intellectual property right in Aiforia's business, and its protection is important for Aiforia (for more information on patents, see "*Business overview – Intellectual property rights*"). While Aiforia has aimed to protect the innovations important for its business for instance with a patent and patent applications, there are no assurances that Aiforia will succeed appropriately in its assessment of the adequacy of the protection provided by the intellectual property rights, and it may fail to protect its software solutions sufficiently, in which case third parties may benefit from Aiforia's innovations. In such a case, Aiforia may lose some of its competitive advantages compared to its competitors, which can have an adverse effect on Aiforia's business. Further, there are no assurances that an application for intellectual property rights submitted by the Company, or to be submitted in the future, will be successful and the intellectual property rights applied for will be granted to the Company. Failures in the filings submitted to protect intellectual property rights may incur unnecessary expenses for the Company, and resources allocated to such processes would not produce expected benefits. Furthermore, there are no assurances that the Company will be successful in maintaining intellectual property rights already granted to it, and it is possible that the Company will lose one or more of its existing intellectual property rights as result of, for example, claims by third parties.

Despite Aiforia's protection measures, its competitors or other third parties may use Aiforia's intellectual property rights unlawfully, in addition to which disputes may arise over the ownership of the intellectual property rights. In such an event, the Company may be forced to defend its intellectual property rights in court, for example, which may require Aiforia to commit significant personnel and time resources, as well as financial resources. Furthermore, there are no assurances that Aiforia succeeds in defending its intellectual property rights effectively. The Company may also decide to resort to measures with which it aims to prevent its competitors from obtaining protection for their intellectual property rights. Such measures may require it to commit significant resources and result in significant costs. There can be no assurance in advance that, in the aforementioned situations, the Company has all the necessary resources to defend its intellectual property rights, pursue claims or undertake other measures.

Failure in the protection of intellectual property rights, in the acquisition of new intellectual property rights or in the defence of intellectual property rights may have a material adverse effect on Aiforia's business, financial position, results of operations, and future prospects by, among other things, hindering product development and maintenance of the existing product portfolio.

Issues with the availability and operation of information systems and cloud-based services used by Aiforia may have a material adverse effect on Aiforia's business

Aiforia's business is dependent on the proper functioning of the information systems and technologies it uses. The key information systems used internally by Aiforia are related to product development, client management and invoicing. There are no assurances that the information systems used by Aiforia will not require repair measures or will not experience technical or other faults due to, for example, viruses, hacking, human error, power outages and other operating disturbances.

Aiforia is also exposed to the counterparty risk in relation to the suppliers of information systems. For example, if the development or support of an information system used by Aiforia is discontinued, Aiforia may not be able to use the applications of such suppliers, and it will be forced to replace its software with alternative software.

In addition to the information systems used internally in Aiforia's operations, the operation of the software solutions by Aiforia's customers is also strongly dependent on the utilisation of a cloud service. The Company procures the cloud service necessary for providing its software solutions from an external provider, and thus the availability and undisrupted operation of the cloud service is beyond Aiforia's control. Should the cloud services become unavailable due to, for example, disruptions in these services, this will also have a material effect on the usability of the software solutions provided by Aiforia to its customers and may even entirely prevent the use of a software solution provided by Aiforia. Furthermore, switching from one cloud service provider to another due to, for example, disruptions in the service could result in considerable unforeseen costs for Aiforia.

Significant disruption in Aiforia's information systems may also result in the loss of Aiforia's important data or, for example, delays in financial reporting and bank transactions. As such, loss of data, other problems in the operation of information systems and issues with the cloud service used for providing Aiforia's software solutions may have a material adverse effect on Aiforia's business, financial position, results of operations and future prospects.

Legal and regulatory risks

The production of medical devices is a highly regulated industry, and changes in legislation or case law relating to the industry, Aiforia or Aiforia's software solutions, such as the start of application of regulation on in vitro diagnostic medical devices, may be adverse to Aiforia

The production of medical devices is a highly regulated industry, and it comprises software used in clinical diagnostics. Users of Aiforia's software solutions intended for pre-clinical analysis are located in about 50 countries, in addition to which Aiforia is constantly negotiating new clinical diagnostics and pre-clinical analysis customer and distributor agreements (for more information, see "*Business overview – Sales and customers*"). Therefore, Aiforia's services related to diagnostics must comply with not only the legislation applicable in Finland and the European Union but also the requirements set for software solutions in the legislation of each country where Aiforia's software solutions and services are sold. Aiforia's operations are also subject to a significant amount of legislation, standards and regulations related to, for example, the development of software solutions and services, the Company's quality control system, the evaluation of artificial intelligence models and the commercialisation of services (for more information, see "*Business overview – Regulatory environment and standards*").

In its operations, the Company must comply with a large amount of legislation, various standards and regulations governing its industry, as well as to be able to respond to amendments made to them from time to time. Aiforia may incur additional costs from adapting its operations to changes in legislation, standards and regulations. For example, Regulation (EU) 2017/746 of the European Parliament and of the Council on in vitro diagnostic medical devices that came into effect on 26 May 2017, repealing the previous Council Directive 98/79/EC on in vitro diagnostic medical devices, will be applied in the European Union as of 26 May 2022 and it will tighten statutory requirements applied to Aiforia and may require certain changes in Aiforia's operations. The regulation will amend, for example, the risk classification of in vitro diagnostic medical devices and the role of the notified bodies as well as tighten the requirements for clinical trial evidence, conformity assessment and quality control. The regulation may therefore also impact the device or risk classifications of Aiforia's software solutions and diagnosis-specific artificial intelligence models. Should the device or risk classifications applicable to the software solutions and diagnosis-specific artificial intelligence models offered by Aiforia change once the regulation is applied, Aiforia may be required to, for example, provide a conformity assessment performed by a notified body, instead of the previously applicable self-assessment, when introducing software solutions and artificial intelligence models to the market. It is also possible that at the start of application of the regulation Aiforia's software solutions would be subject to different risk or device classifications than Aiforia has assessed, resulting in more stringent regulatory requirements for the software solutions which they do not meet. This in turn may lead to Aiforia not being able to offer its software solutions as planned or at all after the start of application of the regulation. This may, consequently, slow down the introduction of new software solutions and artificial intelligence models to the market and thus have an adverse impact on the estimated development of Aiforia's business (for more information, see "*Business overview – Regulatory environment and standards in clinical diagnostics – Introduction to the market in the European Union*").

Failure to comply with applicable legislation, standards or regulation may result in temporary or permanent restrictions on or termination of Aiforia's operations related to clinical diagnostics. In addition to this, Aiforia may be subjected to various penalties, such as fines or other sanctions under civil or criminal law, third parties may present claims to Aiforia and it may incur additional costs.

The materialisation of any risk described above may have a material adverse effect on Aiforia's business, financial position, results of operations and future prospects, as they may impair the Company's product development and commercialisation, or result in administrative penalties.

Aiforia may be subjected to claims related to product liability or safety, which may have an adverse effect on Aiforia's business

As a manufacturer of medical devices, Aiforia is exposed to a significant risk related to product liability and safety claims. Due to such claims, Aiforia may be subjected to legal proceedings concerning product liability or safety to determine whether the Company's software solutions or services have any harmful effects on patients or the users of the software solutions and services.

Although as at the date of this Offering Circular Aiforia is unaware of any product liability or safety claims against the Company, it may be subjected to product liability or safety claims in the future. If the application of the Company's software solutions intended to aid clinical diagnostics experts is expanded to the production of diagnoses, this will further increase the risk of being subjected to product liability and safety claims (for more information on the scope of application of the Company's clinical diagnostics software solutions, see "*Business overview – Software solutions and services*"). However, there can be no assurance that product liability or safety claims could not be caused by Aiforia's existing software solutions intended to aid experts, as well as the new software solutions.

Product liability and safety claims may result in significant liabilities for the Company, which may result in considerable costs for Aiforia. Potential legal proceedings will also require the Company to devote significant personnel and time resources, as well as financial resources, and there are no assurances that the Company will have such resources available at the time of the legal proceedings or that the Company would win such legal proceedings. Additionally, the Company is planning to commercialise its artificial intelligence models for clinical diagnostics in the United States, where product liability and safety claims could lead to significant compensation for damages compared to Finland, if such claims are pursued against the Company or its US subsidiary in the United States.

In addition to the direct costs of legal proceedings and the liabilities arising from them, product liability and safety claims filed against the Company and its software solutions could also lead to indirect costs due to reputational damage arising from allegations, demands and legal proceedings. Allegations of safety deficiencies in Aiforia's software solutions and claims and legal proceedings related to them expose the Company to a significant reputational risk. Should Aiforia's reputation among its partners or distributors or the users of its software solutions, i.e. laboratories and hospitals, be damaged, it could have an effect on the demand for Aiforia's software solutions and consequently on Aiforia's financial position.

Even if such claims would prove unfounded, they may result in damage to Aiforia's reputation and as such, have a material adverse effect on Aiforia's business, financial position, results of operations and future prospects.

Aiforia is required to comply with legislation and requirements relating to data protection, and non-compliance with legislation or requirements may result in financial sanctions or damage Aiforia's reputation

In its operations, Aiforia processes personal data concerning, for example, its employees, customers and partners, and the use of the services Aiforia provides its customers is strongly based on the utilisation of cloud services. The Company procures the cloud service necessary for providing its software solutions from an external provider, and thus the management of personal data is partially beyond Aiforia's control (for more information, see "*Business overview – IT*").When processing personal data, Aiforia must observe in particular the requirements of the General Data Protection Regulation ((EU) 2016/679, the "**GDPR**"), which entered into force in the European Union on 25 May 2018. A breach of the requirements of the GDPR could lead to administrative sanctions up to a maximum of EUR 20 million or 4 percent of the company's global revenue. In addition to financial sanctions, a breach or non-compliance with the requirements of data protection legislation could result in significant reputational damage for Aiforia, as aspects related to data protection in corporate activities have been the subject of heightened public scrutiny since the entry into force of the GDPR. As the Company expands into the provision of software solutions intended for clinical use in new geographical areas, it is also possible that the applicable regulation concerning the processing of personal data in such areas differs considerably from the regulation applied in the European Union, for example, in which case the Company will be exposed to an elevated risk of breaching data protection regulations. In particular, differences in the transfer of personal data or other data between states could lead to a situation where Aiforia is unable to transfer the data it needs in its operations from one country to another in the manner required for providing software solutions and services. As such, non-compliance with the requirements of data protection legislation may have a material adverse effect on Aiforia's business, financial position, results of operations and future prospects.

Aiforia is exposed to the risk of legal and administrative proceedings in its business activities

During the course of its normal business, Aiforia may become a party to legal or administrative proceedings (relating, for example, to contractual liabilities, interpretation of distribution agreements, employer obligations, interpretations of employment or service contracts, competitive matters, legislation on privacy, processing of personal data and data protection, tax interpretations, fraud, bribery and crime), and it may also be subjected to tax audits and administrative audits. If administrative audits lead to the initiation of administrative proceedings, such proceedings could become very prolonged and thus force Aiforia to dedicate considerable personnel and time resources as well as financial resources. Moreover, any penalty charges potentially imposed on the basis of administrative proceedings could be considerable in their amount. Legal proceedings may result in, for instance, Aiforia being held liable to compensate for damage, fines being imposed or a prohibition on certain business activities engaged in by Aiforia. Legal proceedings may also have a negative effect on Aiforia's reputation among its present or potential customers, employees and other stakeholders. If the outcome of legal proceedings results in sanctions being imposed on Aiforia or damage to its reputation, this may have an adverse effect on Aiforia's business, financial position, results of operations and future prospects.

Risks related to Aiforia's financial position

Fluctuation in exchange rates may have an adverse effect on Aiforia

Aiforia has entered into agreements on the sales of its existing pre-clinical software and services in approximately 50 countries, and it negotiates new agreements continuously. Since Aiforia's reporting currency is the euro, it is exposed to the risk of fluctuations in exchange rates every time it makes or receives payments in a currency other than the euro. Fluctuation of foreign exchange rates may particularly result in significant changes in the value of Aiforia's receivables, and Aiforia's income may decrease significantly due to changes in the foreign exchange rates.

Aiforia sells its software solutions and services both directly to their end users, such as hospitals and laboratories, and through regional distributors. In the latter case, local distributors sell the software solution or service to the end user (for more information on the distribution of services, see "*Business overview – Sales and customers – Sales channels and distribution network*"). Should Aiforia fail to negotiate agreements denominated in the euro with its customers or distributors in the future, it may be exposed to a larger foreign exchange risk in the future, as in this case it would receive payments from its customers and distributors in several currencies. The most significant currency whose exchange rate risk Aiforia is exposed to is the United States dollar.

A significant part of Aiforia's revenue originates from North America, which accounted for approximately 37 percent of the Company's invoicing in 2020.[4] Should foreign exchange rates fluctuate significantly in the countries located in North America or other countries where Aiforia's software solutions and services are sold, this may have an adverse effect on Aiforia's business, results of operations, financial position and future prospects. The adverse effect becomes more significant with an increase in the proportion of the Company's revenue originating from a country where the exchange rate fluctuates significantly. Should the uncertainty in the global economy increase due to, for example, the ongoing coronavirus pandemic or other reasons, this may also increase the risk of adverse fluctuations in exchange rates.

In addition to the transaction risk from fluctuations in foreign exchange rates, the Company is exposed to translation risk when, in preparation of the consolidated financial statements, assets, liabilities, income and expenses of a non-euro area subsidiary are converted into euros during applicable financial periods.

Fluctuations in exchange rates also impact Aiforia through demand. A significant change in exchange rates in a country where Aiforia's software solutions and services are sold could impact the competitiveness of Aiforia's services compared to the products of competitors that are manufactured and/or sold in another currency. For instance, a significant decline in the value of a currency could make Aiforia's services too expensive in the currency area in question, in which case demand for the software solution or service could collapse quickly or completely cease to exist. The materialisation of such an indirect risk related to the foreign exchange rate risk may have a material adverse effect on Aiforia's business, results of operations, financial position and future prospects. The larger the proportion of the Company's revenue generated in such countries where fluctuations in exchange rates have a negative effect on demand for Aiforia's services, the more material this negative impact is for Aiforia.

Aiforia may face difficulties in complying with the terms and conditions of its financing arrangements

Aiforia has financed its operations with, for example, Business Finland product development loans from the State Treasury of Finland. Such financing agreements include various terms and conditions relating to, among other things, the use of the loan, reporting and monitoring. For more information on the terms and conditions of the financing agreements, see section "*Operating and financial review – Liquidity and capital sources – Loans from financial institutions and grants received*" of this Offering Circular.

The terms and conditions of the financing agreements, such as the agreements on research and development loans, may have an effect on Aiforia's financing in the future. The terms and conditions may require renegotiations with the financiers if the terms and conditions cannot be complied with, and there can be no assurance that Aiforia will be able to comply with the terms and conditions of its financing agreements or will be successful in renegotiations with the financiers. Furthermore, Aiforia's indebtedness may have an effect on its ability to refinance its existing loans in the future. There can be no assurance that public financiers will accept the present terms and conditions of the financing in the future, and the financiers may demand stricter financing terms and covenants than at present, as well as additional commitments or guarantees, which in turn may have an effect on Aiforia's ability to acquire financing and limit its business. Breaching the terms and conditions of the financing agreements may also result in a premature maturing of the financing. The financing available to Aiforia would likely be insufficient for the repayment of the prematurely matured financing, as Aiforia's business does not generate a profit currently.

If Aiforia cannot comply with the terms of its financing, or if obtaining financing will require a commitment to stricter terms and conditions in the future, this may have a material adverse effect on Aiforia's business, financial position, results of operations and future prospects.

Aiforia is dependent on external financing and it may face difficulties in obtaining financing with competitive terms and conditions, or at all, and Aiforia may fail to refinance its debts when they mature

At present, Aiforia is dependent on external financing, as its business does not generate a profit currently. Aiforia's ability to finance its operations depends on several factors, such as cash flow from operating activities, Aiforia's ability to generate a profit and uncertainties related to its profitability, its creditworthiness and availability of new debt and equity financing, and there can be no assurance that financing will be available on commercially reasonable terms or at all. Some of these factors are beyond Aiforia's control in part or in full. For example, unfavourable developments in the global economy and

[4] Information on the geographical distribution of invoicing has not been audited and it contains certain assumptions made by the management. Therefore, this information is only considered to approximate the geographical distribution, and it may not be directly comparable with Aiforia's information reported in accordance with the FAS.

the resulting uncertainty in the financial markets may have an adverse effect on Aiforia's financing costs or the general availability of financing.

Due to uncertainty in the financial markets, the cost of financing required for Aiforia's business may increase or the availability of financing may weaken. Uncertainty in the financial markets and other possible disruptions in the market or unfavourable developments in the financial markets may limit Aiforia's possibilities to acquire financing and lead to, for example, weaker liquidity, which may for its part make it more difficult to acquire financing with favourable costs. As such, Aiforia may not be able to acquire financing with favourable terms or costs, or at all.

As at 30 June 2021, Aiforia's non-current liabilities amounted to EUR 2,706 thousand, and they are comprised of debts to the State Treasury of Finland. Should Aiforia fail to turn its business profitable or acquire external financing, it may not be able to refinance its debts when they mature.

Aiforia may at any time face difficulties in acquiring financing, and due to this, it may fail to turn its business profitable or refinance its debts when they mature, which in turn may have an adverse effect on Aiforia's business, financial position, results of operations and future prospects.

Possible depreciation of capitalised development expenditures may have a material adverse effect on the Company's financial position and operating performance

As at 30 June 2021, the Company's balance sheet included EUR 3,017 thousand in capitalised development expenditures. The Company will capitalise development expenditures on the balance sheet as intangible assets if they are expected to generate revenue in the next several fiscal years. At the close of each reporting period, the Company evaluates whether there is an indication that the value of capitalised development expenditures would be impaired. There are uncertainties surrounding estimates of development expenditures capitalised on the balance sheet and it is possible that as conditions change, the expected return from development projects changes. The value of the development expenditure capitalised on the balance sheet may be impaired if the expected economic benefit changes. If the expected return of an intangible asset recorded on the balance sheet is lower than the amount of development expenditures recorded on the balance sheet, the value of the capitalized development expenditure will be adjusted by the amount of the impairment to reflect the expected return through the income statement.

If the Company will write-down the value of capitalised development expenditures significantly in the future, such impairment entries will be recorded as an expense in the Company's income statement and, depending on the magnitude of the impairment, this could have a material adverse effect on the Company's business, financial position, operating performance and future prospects, and the value of the Offer Shares.

The Company may not be able to utilise its tax losses

The company has a total of EUR 8,696 thousand in confirmed fiscal losses from tax years 2013 to 2020. The Company applied for a waiver from the Tax Administration to use the confirmed losses from 2013 to 2020 despite changes in its ownership, including ownership changes occurring as a result of the Offering in 2021. The tax administration has on 1 October 2021 granted an exemption to the Company to deduct the losses confirmed for the tax years 2013 to 2020 by a total of EUR 8,696 thousand and the losses that may be confirmed for the tax year 2021. The state of Finland shall have the right to object to the exemption granted for 60 days from the moment the exemption is granted. Thus, it is possible that the Company will not be able to use said losses in its taxation in the future. Accrued losses can only be used if the Company achieves a taxable profit in the future, which covers the losses. There can be no assurance that the Company will generate enough profit in the future to take part or full advantage of the accumulated losses.

The Company is exposed to interest rate risks that could have an adverse effect on the Company's earnings

The Company is exposed to interest rate risks, which may have an adverse effect on the Company's earnings. Currently, the Company is exposed to potential interest rate risks through its loans from financial institutions. As at 30 June 2021, the Company had variable rate loans for a total amount of EUR 2,706 thousand. The interest rate on product development loan agreements issued by the State Treasury and Young Innovative Companies loan agreements have been set three percentage points below the base rate set by the Ministry of Finance, but that the interest rate is always at least 1%. For further details on contracts for loans granted by the State Treasury, see "*Operating and financial review – Liquidity and capital sources – Loans from financial institutions and grants received*".

Due to the Company's variable rate loans, an increase in interest rates may have a material adverse effect on the Company's financing expenses. In terms of cash, there is a risk that, in a significantly weaker economic environment, the European Central Bank may further lower its key interest rates, or that commercial banks will start demanding a higher interest rate on cash deposits from smaller companies like the Company. Negative interest rates could impose costs on the Company that the Company should manage as part of its risk management and treasury policy by using market instruments other than bank accounts in the future.

Risks related to the Offering and the Listing

The Offering may not be subscribed for in full, or it may not be completed as planned or at all

It is possible that not all the Offer Shares will be subscribed for in connection with the Offering or that the Offering is not executed at all due to, for example, insufficient demand, requirements set by Nasdaq Helsinki or other reasons. If the Offering does not result in a number of subscriptions for Offer Shares that satisfies Aiforia and the Joint Global Coordinators, the Offering will not be executed. Furthermore, if the Listing does not take place, the Offering will also be cancelled. For more information on the preconditions for the Offering, see: "*Terms and conditions of the Offering – Conditionality of the Offering and Publishing of the Pricing*". A delay of or failure in the Listing or the Offering may have a material adverse effect on Aiforia's business, financial position, results of operations, future prospects and the value of the Company's Shares.

The Listing may be delayed or cancelled

In the view of Aiforia's management, Aiforia fulfils, as at the date of this Offering Circular, the requirements set for companies seeking a listing on the First North marketplace, but there is no assurance that the Listing will be implemented according to the Company's plans or at all. The Listing may fail due to, among other things, problems with the execution of the Listing, decisions by the authorities, requirements imposed by Nasdaq Helsinki or other factors, and some of these factors may be beyond Aiforia's control. It is also possible that Nasdaq Helsinki will not accept Aiforia's application for listing, which could lead to a delay in or cancellation of the Listing as well as significant additional expenses and an additional administrative burden.

Should the Listing be cancelled, investors will not be able to make other investments with the subscription price they have paid until the subscription price has been returned to them. For more information on the refund of the subscription price paid, see "*Special Terms and Conditions Concerning the Public Offering – Refunding of Paid Amounts*" and "*General Terms and Conditions of the Offering – Special Terms and Conditions Concerning the Personnel Offering – Refunding of Paid Amounts*".

As a result of the Listing, Aiforia will incur additional costs and new obligations relating to operating as a listed company, and Aiforia may fail to comply with them

Aiforia aims to submit a listing application to Nasdaq Helsinki for listing the Shares on the First North marketplace maintained by Nasdaq Helsinki. In addition to the one-time costs, Aiforia will incur administrative costs as a consequence of the Listing. After the Listing, Aiforia will be required to comply with regulatory requirements applied to companies whose shares are subject to trading on First North. The requirements relate, for example, to governance, planning, disclosure and control systems, as well as financial reporting, and Aiforia must allocate personnel and other resources for these purposes.

Furthermore, it should be considered as regards to compliance with such obligations that some members of Aiforia's Board of Directors and Management Team do not have previous experience in the management of a company listed on First North. While Aiforia's management believes that Aiforia satisfies all the requirements placed on companies listed on First North, there can be no assurance that Aiforia will be able to fulfil all of its new obligations. Failure in satisfying the requirements placed on companies listed on First North may result in, for example, administrative sanctions or erode the confidence of investors and other stakeholders in the Company. Increased costs resulting from the Listing or problems related to satisfying the requirements concerning companies listed on First North may have a material adverse effect on Aiforia's business, financial position, results of operations, future prospects and the value of Aiforia's Shares.

Aiforia's Shares have not been subject to public trading on any regulated market or multilateral trading facility prior to the Listing, the price of the Shares may fluctuate significantly, and an active and liquid market may not develop for them

Prior to the Listing, Aiforia's Shares have not been subject to public trading on any regulated market or multilateral trading facility, such as First North. Aiforia intends to submit its application to Nasdaq Helsinki for listing the Shares on the First North multilateral marketplace maintained by Nasdaq Helsinki. However, there are no guarantees that an active market for the Shares will emerge after the Listing, or that such a market can be maintained at all. Similarly, there are no guarantees of the future liquidity of the Shares. The shares of companies listed on a multilateral trading facility usually involve a higher risk than the shares of companies listed on a regulated market, and they usually have lower liquidity and weaker selling opportunities. The price of the shares of companies listed on a multilateral trading facility can also fluctuate more than the price of shares listed on a regulated market.

Following the Listing, the market price of the Shares may fluctuate significantly due to several factors, such as the market sentiment towards the Shares and Aiforia's business and future outlook, as well as the general market conditions. Additionally, in the international financial markets, the prices and trading volumes of shares have occasionally experienced significant volatility regardless of the development of the companies' business or their future outlook. For example, a deterioration of general market conditions or a drop in the prices of securities comparable to the Shares could have an unfavourable effect on the value and liquidity of Aiforia's Shares and on demand for them. Furthermore, there has sometimes been considerable fluctuation for a certain period in the prices of shares offered to the public for the first time, and this fluctuation has not necessarily been proportional to the companies' results of operations or future outlook. Such factors are beyond Aiforia's control.

Moreover, it is possible that Aiforia's business or future outlook could underperform the market's and investors' expectations, and any of these factors could, for its part, cause the price of the Shares to decline. Furthermore, there is no assurance that the market price of the Shares on First North will not fall below the Final Subscription Price.

Companies listed on First North are not subject to the same securities market regulation as companies listed on a regulated market, and due to this, investing in such a company may involve more risks than investing in companies listed on regulated market

First North is a multilateral trading facility maintained by Nasdaq Helsinki. Companies listed on First North are not subject to the same rules as companies listed on regulated markets, such as the official list of Nasdaq Helsinki but instead the companies on First North comply with rules with a lower requirement level adapted for small growth companies. All the requirements of the Securities Markets Act concerning a regulated market, such as the provisions on the obligation to notify major holdings or the obligation to launch a takeover bid, do not likewise apply to the shares accepted for trading on First North. As a result of the aforementioned and other differences in regulation, the rights and obligations of the First North companies and their shareholders differ from the rights and obligations of companies traded on a regulated market. Therefore, investing in a company listed on First North may contain more significant risks than investing in companies listed on regulated markets.

Subscriptions cannot be cancelled or amended

Subscriptions for the Offer Shares made in the Public Offering and subscriptions for the Personnel Shares (as defined below) made in the Personnel Offering are binding and they cannot be cancelled or amended after they have been made, except in the situations described in "*Terms and conditions of the Offering – Cancellation of Commitments*". The subscription commitments may be accepted or rejected in full or in part, in which case the investor might not be allocated an amount of the Offer Shares corresponding to the amount of the subscription commitment. The Offer Shares subscribed for in the Public Offering shall be paid for in connection with the subscription, unless provided otherwise in the terms and conditions of the Offering. Therefore, investors must make their investment decision prior to having knowledge of the final outcome of the Offering.

Risks related to the Shares

Aiforia's ability to pay dividends is uncertain, and it is possible that Aiforia will not pay dividends or make capital repayments at all

Aiforia has not distributed any dividends during its operating history, and there can be no assurance that it will be able to distribute any dividends in the future. Aiforia's ability to pay dividends in the future is dependent on several factors, such as Aiforia's results, financial position, capital requirements and the provisions of applicable legislation governing the distribution of profits. The distribution of dividends and other unrestricted distributable funds depends on the provisions of the Finnish Limited Liability Companies Act, the discretion of Aiforia's Board of Directors and, ultimately, the resolution of Aiforia's General Meeting of Shareholders. The Company's balance sheet contains capitalised product development expenditures which lower the amount of distributable funds. According to the Limited Liability Companies Act, the amount distributed by the company as dividends may not exceed the amount of distributable funds shown on the last audited financial statements approved by the General Meeting. The distribution of dividends is not permitted if, at the time of the resolution on the distribution, it is known or it should be known that the company is insolvent or the distribution would make the company insolvent. Due to this, Aiforia's Board of Directors must ensure that the Company's solvency is maintained prior to any decision on the distribution of dividends.

Future share issues, sales or other transfers, or subscriptions of the Shares on the basis of option rights or other special rights entitling to the Shares issued previously or to be issued in the future may affect the value of the Offer Shares or dilute the relative ownership and voting rights of the shareholders

Issues or sales of Aiforia's Shares or the perception that such issues or sales may be executed in the future could have an adverse effect on the market value of the Offer Shares and on Aiforia's ability to obtain equity financing in the future. Furthermore, should Aiforia need equity financing through share issues or otherwise in addition to debt financing, Aiforia may possibly be forced to arrange new share issues in which shareholders will have pre-emptive subscription rights, or directed issues deviating from the shareholders' pre-emptive subscription rights, provided that a General Meeting of the shareholders of Aiforia authorises the Company's Board of Directors to execute such share issues. Directed share issues may also be arranged in connection with Aiforia's incentive schemes or for other reasons if, in accordance with the Finnish Limited Liability Companies Act, the Company has a weighty financial reason for a directed share issue.

In addition, Aiforia has granted and may grant in the future option rights and other special rights entitling to subscribe for the Shares, based on which the holders of options rights and other special rights are entitled to subscribe for Shares. As at the date of this Offering Circular, of the new Shares in the Company or in the possession of the Company to be subscribed based on the options issued, 2,610,750 Shares are still unsubscribed. The Company has, as at the date of this Offering Circular, issued a total of 19,973,250 Shares. If all Shares to be subscribed for on the basis of the issued option rights are subscribed after the Listing, the Company's existing shareholders' total holding in Shares and total number of votes would be diluted by 32.5 per cent, assuming that the Over-Allotment Option and the Upsize Option will be exercised in full and that the Final Subscription Price is the lowest price of the Preliminary Price Range and that a total of 44,356 Offer Shares will be subscribed in the Personnel Offering. For more information on option rights and other special rights, see "*Shares and share capital – Option rights and other special rights entitling to Shares*".

Directed share issues and share issues including pre-emptive subscription rights in which a shareholder does not participate or only participates in part, and subscriptions for Shares based on option rights or other special rights previously issued or to be issued in the future entitling to the Shares will dilute the relative shareholding of such shareholder in the Company. Should the Company fail to reach its business objectives, the Company may be forced to raise additional capital, which may further dilute the shareholder's relative ownership in the Company and affect expected returns. See "*Business overview – Aiforia's business objectives*Aiforia's business objectives".

Certain foreign shareholders may not be able to exercise their possible subscription rights or other shareholder rights in the future

Under the Finnish Limited Liability Companies Act, shareholders have a pre-emptive right to subscribe for new shares in proportion to their holdings when Aiforia issues new shares or securities entitling to the subscription for new shares, unless the resolution to issue new shares provides otherwise. Certain shareholders of the Company who live, or whose registered address is located in, certain countries other than Finland, including shareholders in the United States, may not necessarily be able to exercise their pre-emptive subscription rights in any possible future share issues, unless the shares then offered have been registered in accordance with the securities legislation of the relevant jurisdiction, or unless a derogation from the registration or regulations provided in the applicable legislation is available. No assurances can be given that local requirements will be met so as to enable the exercise of such shareholders' pre-emptive rights in rights issues or participation in any other share issue or tender offer. This may lead to the dilution of such shareholders' ownership in the Company or to potential tender offers not being made to shareholders located in all countries. A foreign shareholder's right to have access to information concerning share issues may also be restricted due to the legislation of the relevant jurisdiction.

Furthermore, it is possible that shareholders who are not Finnish natural or legal persons and manage their Shares through so called nominee registration may not be able to exercise their shareholder rights through the management chain. Owners of nominee-registered Shares cannot use their voting rights directly in a General Meeting, unless the owner of the nominee-registered Shares is temporarily registered in the Company's shareholder register at the latest on the date specified in the notice of the General Meeting. As such temporary registration requires actions by the asset manager and the account operator used by the asset manager in addition to the shareholder, the registration may not succeed in the applicable time frame.

Investors with a different main or base currency than the euro are exposed to certain foreign exchange risks when investing in the Offer Shares

The Offer Shares will be priced and traded on the First North marketplace in euros. Furthermore, possible dividends paid on the Company's Shares in the future are paid in euros. Due to this, fluctuation in the value of the euro affects the value of possible dividends and other distributions of unrestricted equity if the investor's main or base currency is not the euro. In addition, the market price of the Company's Shares expressed in other currencies than the euro fluctuates in part due to changes in exchange rates. This can affect the value of the Company's Shares and possible dividends paid on them if the shareholder's main or base currency is not the euro.

PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE OFFERING CIRCULAR

Aiforia

Aiforia Technologies Plc

Business identity code: 2534910-2

Domicile: Helsinki, Finland

Registered address: Tukholmankatu 8, FI-00290 Helsinki, Finland

RESPONSIBILITY STATEMENT

This Offering Circular has been prepared by Aiforia Technologies Plc and Aiforia Technologies Plc accepts responsibility regarding the information contained in this Offering Circular. Aiforia Technologies Plc declares that to the best of its knowledge, the information contained in the Offering Circular is in accordance with the facts and that the Offering Circular makes no omission likely to affect its import.

CERTAIN ADDITIONAL INFORMATION

Information about Aiforia

The business name of Aiforia is Aiforia Technologies Plc. Aiforia is a limited company incorporated in Finland, and it is organized under the laws of Finland. Aiforia is registered in the Trade Register upheld by the Finnish Patent and Registration Office (the "**Trade Register**") under the business identity code 2534910-2. Aiforia was registered in the Trade Register on 7 March 2013. Aiforia's legal entity identifier code (LEI) is 743700TJRVBX7420Y723. Aiforia is domiciled in Helsinki, Finland. The registered address of Aiforia is Tukholmankatu 8, FI-00290 Helsinki, Finland, and its telephone number is +358 20 734 9130.

According to Section 3 of Aiforia's Articles of Association Aiforia's line of business is the development, manufacture, import and sale of digital microscopic imaging, image analysis and information technology related products and services. In addition, the company may own and manage immovable property and securities and engage in trading therein.

Third-party information

This Offering Circular contains statistics, data and other information relating to the markets, market size, market shares, market positions and other information relating to Aiforia's business, markets, industry and economy that is derived from several sources. Where certain information, such as market information and market outlook, contained in this Offering Circular has been derived from third-party sources, such sources have been identified therein and Aiforia deems them to be reliable.

Aiforia confirms that any third-party information, has been accurately reproduced and that, as far as Aiforia is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, as Aiforia does not have access to the underlying information, assumptions or presumptions of the market studies or to the statistical data or economic indicators followed by the third-party studies, Aiforia cannot give any assurances as to the appropriateness of such information. Furthermore, third-party market studies are frequently based on information and assumptions that may not be exact or appropriate, and their methodology is by nature forward looking and speculative. Therefore, changes in the postulates and their premises on which third-party market studies are based, could have a significant influence on the analyses and conclusions made.

Should this Offering Circular contain market data or market estimates in connection with which no source has been presented, such market data or market estimate is based on the estimates of Aiforia's management. Where information on Aiforia's markets or Aiforia's competitive position therein is provided expressly according to Aiforia's management in this Offering Circular, such assessments have been made by Aiforia's management on the basis of information available to Aiforia's management. However, Aiforia cannot guarantee that any of the statements given by Aiforia's management or statements included in the reports it has commissioned give an accurate description of the market size or growth or Aiforia's market position.

Competent authority approval

This Offering Circular is an unofficial English-language translation of the Finnish Prospectus. The Finnish Prospectus has been approved by the FIN-FSA as the competent authority under the Prospectus Regulation on 26 November 2021. The FIN-FSA has only approved the Finnish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the FIN-FSA of the Finnish Prospectus shall not be considered as an endorsement of the issuer that is the subject of the Finnish Prospectus and investors shall make their own assessment as to the suitability of investing in the securities. The register number of the approval of the Finnish Prospectus is 80/02.05.04/2021.

No incorporation of website information

The contents of the Aiforia's website (at www.aiforia.com) or any other website, excluding this Offering Circular, documents incorporated in this Offering Circular by reference and possible supplements to the Offering Circular, do not form a part of this Offering Circular. The information on such websites has not been scrutinized or approved by the FIN-FSA. Prospective investors should not rely on such information in making their decision to invest in the Shares.

Information available in the future

Aiforia intends to publish its annual report in Finnish and in English as of the financial year ending on 31 December 2021, including the report of the Board of Directors of the Company and its audited consolidated financial statements, and, as of the six-month period ending on 30 June 2022, half-yearly reports and other information as well as company releases as required by the regulation of the European Parliament and of the Council on market abuse ((EU) No 596/2014, as amended, "**MAR**"), the Securities Market Act and Nasdaq First North Growth Market – Rulebook ("**First North Rules**"). None of these documents are a part of this Offering Circular, excluding the documents incorporated in this Offering Circular by reference.

Auditors

The Annual General Meeting elects Aiforia's auditor. The auditor of Aiforia shall be an audit firm authorised by the Finnish Patent and Registration Office.

The set of Aiforia's consolidated financial statements, which includes consolidated financial statements as at and for the years ended on 31 December 2020, 31 December 2019 and 31 December 2018, has been audited by Authorized Public Accountants PricewaterhouseCoopers Oy with Martin Grandell, Authorized Public Accountant, as the responsible auditor. Aiforia's Annual General Meeting held on 29 June 2021 elected Authorized Public Accountants PricewaterhouseCoopers Oy as the auditor of the Company for a term ending at the close of the Annual General Meeting of 2022. PricewaterhouseCoopers Oy has appointed Martin Grandell, Authorized Public Accountant, as the responsible auditor. Martin Grandell is registered in the auditor register in accordance with Chapter 6, Section 9 of the Finnish Auditing Act (1141/2015, as amended).

Forward-looking statements

This Offering Circular includes forward-looking statements which are not historical facts but statements regarding future expectations instead. These forward-looking statements include without limitation, those regarding Aiforia's future financial position and results of operations, Aiforia's strategy, objectives, future developments in the markets in which Aiforia participates or is seeking to participate or anticipated regulatory changes in the markets in which Aiforia operates or intends to operate. In some cases, forward-looking statements can be identified by terminology such as "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "plan," "potential," "predict," "projected," "should" or "will" or the negative of such terms or other comparable terminology.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and are based on numerous assumptions. Aiforia's actual results of operations, including Aiforia's financial condition and liquidity and the development of the industries in which Aiforia operates, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this Offering Circular. In addition, even if Aiforia's historical results of operations, including Aiforia's financial condition and liquidity and the development of the industry in which Aiforia operates, are consistent with the forward-looking statements contained in this Offering Circular, those results or developments may not be indicative of results or developments in subsequent periods.

Forward-looking statements are set forth in a number of places in this Offering Circular, including in the sections "*Business overview*", "*Market and industry review*", "*Operating and financial review*" and wherever this Offering Circular includes information on the future results, plans and expectations with regard to Aiforia, the future growth and profitability of Aiforia and the future general economic conditions to which Aiforia is exposed.

Availability of the Finnish Prospectus and the Offering Circular

The Finnish Prospectus will be available no later than on 29 November 2021 from the following websites:

- Aiforia's website at investors.aiforia.com/fi/listautuminen;
- UB Securities' website at www.unitedbankers.fi/fi/IPO/aiforia; and
- Nordnet's website at www.nordnet.fi/fi/aiforia.

This Offering Circular will be available no later than on 29 November 2021 from the following websites:

- Aiforia's website at investors.aiforia.com/ipo; and
- UB Securities' website at www.unitedbankers.fi/en/IPO/aiforia.

The Finnish Financial Supervisory Authority has not approved this Offering Circular.

Presentation of financial and certain other information

Historical financial information

The selected financial information presented in the Offering Circular has been derived from a set of Aiforia's audited consolidated financial statements which includes the consolidated financial statements as at and for the years ended on 31 December 2020, 31 December 2019 and 31 December 2018 ("**Audited Consolidated Financial Statements**"). The Company has prepared consolidated financial statements for the first time as at and for the year ended on 31 December 2020 including comparative information as part of its regulatory financial statements. The consolidated financial statements have not been prepared previously in accordance with the chapter 6, section 1 of the Accounting Act (1336/1997, as amended), since the Accounting Act does not require consolidated financial statements for a small group. The Audited Consolidated Financial Statements have been prepared for this Offering Circular and have not been approved by Aiforia's Annual General Meeting and have been incorporated in this Offering Circular by reference. Therefore, the Audited Consolidated Financial Statements are not the Company's statutory financial statements and do not include the annual report or the parent company's financial statements.

The Audited Consolidated Financial Statements have been prepared in accordance with the Accounting Act (1336/1997, as amended), the Accounting Decree (1339/1997, as amended) and the guidelines and statements of the Accounting Board acting in connection with the Ministry of Economic Affairs and Employment of Finland (together Finnish accounting practice, "**FAS**").

Aiforia's unaudited consolidated half-yearly financial information for the six-month period ended on 30 June 2021 ("**Unaudited Half-Yearly Financial Information**) containing unaudited consolidated half-yearly financial information for the six-month period ended on 30 June 2020, presented as comparative information, both incorporated in this Offering Circular by reference, have been prepared to the extent required by the section 4.4 (e) (i)–(iv) of the First North Rules.

The Audited Consolidated Financial Statements incorporated in this Offering Circular have been audited by Authorized Public Accountants PricewaterhouseCoopers Oy, KHT Martin Grandell, Authorized Public Accountant, as the responsible auditor. The Authorized Public Accountants PricewaterhouseCoopers Oy was elected as Auditor of Aiforia, KHT Martin Grandell as the responsible auditor, for a term ending at the close of the Annual General Meeting of 2022.

Save for Aiforia's Audited Consolidated Financial Statements incorporated in this Offering Circular by reference, no part of this Offering Circular has been audited.

Alternative performance measures

In this Offering Circular, the Company presents certain performance measures that are not indicative figures of historical financial performance, financial position or cash flows as defined or designated in FAS in accordance with the guidelines issued by the European Securities and Markets Authority ("**ESMA**"), "*Alternative Performance Measures*", and are therefore considered alternative performance measures ("**Alternative Performance Measures**"). Such Alternative Performance Measures include net debt, earnings per share, diluted and undiluted and equity ratio, %.

The exact definitions of the Alternative Performance Measures and the reason why to the Company views that the use of each of these Alternative Performance Measures is beneficial is given in section "*Certain Financial Information – Performance Measures*".

The Company presents Alternative Performance Measures as additional information for the performance measures presented in the income statements, balance sheets and financial statements prepared in accordance with FAS. In the Company's view, Alternative Performance Measures provide meaningful and beneficial additional information regarding the Company to the management, investors, securities analysts and other groups regarding the Company's results operations, financial position and cash flows.

Alternative Performance Measures should not be considered separately from the FAS compliant measures or as substituting key figures defined in accordance with the FAS. Alternative Performance Measures are not calculated in a uniform manner and therefore the Alternative Performance Measures contained in this Offering Circular may not be comparable with performance measures with similar names presented by other companies.

Rounded figures

The figures presented in this Offering Circular, including the financial information, have been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total amount given for that column or row. In addition, certain percentages have been calculated with precise figures before roundings and thus may not correspond to the percentages that would have been reached had the calculation of the figures been based on rounded figures.

IMPORTANT DATES

Event	Date
The subscription period for the Offering commences..	29 November 2021 at 10.00 a.m.
The Public Offering, the Institutional Offering, and the Personnel Offering may be ended at the earliest	7 December 2021 at 4.00 p.m.
The subscription periods for the Public Offering and the Personnel Offering end	8 December 2021 at 4.00 p.m.
The subscription period for the Institutional Offering ends	9 December 2021 at 11.00 a.m.
The Final Subscription Price and the Final Subscription Price in the Personnel Offering, and the results of the Offering will be announced................................	On or about 9 December 2021
The Offer Shares allocated in the Public Offering and in the Personnel Offering will be recorded in the book-entry accounts of the investors...................................	On or about 10 December 2021
Trading in the Shares on the First North is expected to commence..................	On or about 10 December 2021
The Offer Shares allocated in the Institutional Offering will be ready to be delivered against payment through Euroclear Finland..	On or about 14 December 2021

ESSENTIAL INFORMATION ON THE OFFERING

Reasons for the Offering

The objective of the Offering and the contemplated Listing is to enable the Company's growth strategy with the proceeds raised in the Offering.

The Offering and the contemplated Listing are expected to increase the general interest of the investors, business partners and clients towards the Company, as well as enhance the Company's ability to recruit and engage key employees. In addition, the Offering allows the Company an access to capital markets as well as to expand the Company's owner base with domestic and international investors. The Offering and the contemplated Listing allow the Company to increase the liquidity of its shares in the future as well as to use the Company's Shares more efficiently in personnel remuneration.

Use of proceeds

The Company aims to raise gross proceeds of approximately EUR 27 million from the Offering (assuming that the Offering is fully subscribed and assuming that the Upsize Option will not be exercised). The Company estimates to receive net proceeds of approximately EUR 24 million from the Offering.

The Company intends to use the net proceeds from the Offering to support the Company's growth strategy predominantly in the following way:

- approximately 50 per cent to sales and marketing; and
- approximately 50 per cent to research and development as well as other operational purposes

The Company expects to use the proceeds from the Offering for sales and marketing to strengthen both its internal sales organisation and sales through partners and increase brand awareness. The Company expects to use proceeds from the Offering for research and development and other operational purposes to develop artificial intelligence models and software solutions for both preclinical research and clinical diagnostics.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth Aiforia's capitalisation and indebtedness as at 30 September 2021 on an actual basis based on the Company's unaudited consolidated financial information as at and for the nine months ended 30 September 2021.

The following table shall be read in conjunction with the sections "*Risk factors*" and "*Selected financial information*", as well as the Audited Consolidated Financial Statements and the Unaudited Half-Yearly Financial Information incorporated in this Offering Circular by reference.

		30 September 2021
	(EUR thousand)	(unaudited)
	CAPITALISATION	
	Interest-bearing liabilities	
	Short-term interest-bearing liabilities (including the short-term proportion of the long-term liabilities)	
	Guaranteed / secured	-
	Unguaranteed / unsecured	-
	Long-term interest-bearing liabilities (excluding the short-term proportion of the long-term liabilities)	**2,895**
	Guaranteed / secured	-
	Unguaranteed / unsecured	2,895
	Equity in total	**14,563**
	Share capital	103
	Reserve for invested unrestricted equity	28,456
	Retained earnings (losses)	-10,088
	Loss for the financial period	-3,907
	Interest-bearing liabilities and equity in total	**17,458**
	NET INDEBTEDNESS	
A	Cash and cash equivalents	15,225
B	**Liquidity (A)**	**15,225**
C	Short-term part of the long-term interest-bearing liabilities	-
D	**Short-term financial liabilities, total (C)**	**-**
E	**Short-term indebtedness (D-B)**	**-15,225**
F	Long-term financial liabilities	2,895
G	**Long-term financial liabilities, total (F)**	**2,895**
H	**Net indebtedness (E+G)**	**-12,330**

There have been no material changes in the Company's capital structure and indebtedness after 30 September 2021.

More information on certain off-balance sheet liabilities as at 30 June 2021 has been presented in the section "*Operating and financial review – Financial position – Off-balance sheet* "

Working capital statement

According to the estimate of the Company's management, the Company's working capital is sufficient to cover the Company's current needs for a period of twelve months from the date of this Offering Circular.

TERMS AND CONDITIONS OF THE OFFERING

The term "subscription" refers in the following to the investor's offer or commitment to subscribe for Offer Shares (as defined below) in the Offering (as defined below). The Investors may be allocated either New Shares (as defined below) or Additional Shares (as defined below). Correspondingly, "subscriber", "subscription period", "subscription place", "subscription price", "subscription offer" and "commitment" (and other corresponding terms) refer to both New Shares (as defined below) or Additional Shares (as defined below). The number of Shares after the Offering presented in these Terms and Conditions of the Offering are based on the assumption that the merger of share classes decided by the Annual General Meeting on 29 June 2021 has been carried out in connection with the Listing.

General Terms and Conditions of the Offering

General

Aiforia Technologies Plc, a public limited company registered in Finland (the "**Company"**), aims to raise gross proceeds approximately of EUR 27 million by offering preliminarily a maximum 5,393,657 of new shares of the Company (the "**New Shares**") for subscription (the "**Offering**"). Unless the context otherwise requires, the New Shares (including the Personnel Shares (as defined below)) and the Additional Shares (as defined below) are collectively referred to as the "**Offer Shares**". The final number of Shares to be offered will be determined on the basis of the final price per share (the "**Final Subscription Price**").

Depending on the demand situation, the Board of Directors of the Company has the right to increase the number of New Shares by a maximum of 998,004 New Shares of the Company (the "**Upsize Option**"). If the Upsize Option is also fully exercised, a maximum of 5,559,414 New Shares of the Company may be issued in the Offering, assuming that the Over-Allotment Option (as defined below) is not exercised and a maximum of 6,080,247 New Shares of the Company, assuming that (i) the Over-Allotment Option (as defined below) will be used in its entirety and (ii) the Final Subscription Price will be in the middle of the Preliminary Price Range (as defined below) and that (iii) in the Personnel Offering (as defined below) a maximum of 38,580 Offer Shares will be subscribed. The Offer Shares may represent a maximum of approximately 19.0 percent of the Company's shares (the "**Shares**") and votes after the Offering, assuming that (i) the Over-Allotment Option (as defined below) and the Upsize Option are not exercised (approximately 23.3 percent of the Shares and votes, assuming that the Over-Allotment Option (as defined below) and the Upsize Option are exercised in full), and (ii) the Final Subscription Price is in the middle of the Preliminary Price Range (as defined below) and that (iii) in the Personnel Offering (as defined below) a maximum of 38,580 Offer Shares will be subscribed. As a result of the Offering, the number of Shares may increase to a maximum of 26,963,714 Shares (assuming that the Over-Allotment Option (as defined below) and the Upsize Option are fully exercised).

The Offering consists of (i) a public offering to private individuals and entities in Finland (the "**Public Offering**"), (ii) an institutional offering to institutional investors in Finland and, in accordance with applicable laws, internationally outside the United States (the "**Institutional Offering**"), and (iii) a personnel offering to the permanent employees of the Company and its subsidiaries outside of the United States and the members of the Board of Directors and Management Team of the Company as well as the CEO ("**Personnel Offering**"). The Offer Shares will be offered in the Offering outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act of 1933 (the "**U.S. Securities Act**") and otherwise in compliance with said regulation. The Shares (including the Offer Shares) have not been registered, and they will not be registered under the U.S. Securities Act or under the securities laws of any state of the United States and, accordingly, will not be offered or sold, directly or indirectly, in or into the United States (as defined in Regulation S) unless they have been registered under the U.S. Securities Act or unless an exemption from the registration requirements of the U.S. Securities Act is applicable and any applicable state securities laws of the United States are complied with.

The terms and conditions of the Offering comprise of the general terms and conditions of the Offering as well as the special terms and conditions of the Public Offering, the Institutional Offering and Personnel Offering.

Offering

The Company's shareholders resolved unanimously on 20 September 2021 to authorise the Board of Directors of the Company to resolve on an issue of up to 10,000,000 new shares of the Company. Based on the authorisation, the Board of Directors resolved on 25 November 2021 preliminarily to issue New Shares and Additional Shares (as defined below) in the Offering.

The Offer Shares are being offered in deviation from the shareholders' pre-emptive subscription right in order to enable the listing of all shares of the Company on the First North Growth Market ("**First North**") of Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**") (the "**Listing**").

The payment made to the Company for approved subscriptions for New Shares will be recorded in its entirety in the reserve for invested unrestricted equity, thus the Company's share capital will not increase in connection with the Offering.

Joint Global Coordinator and Subscription Place

Swedbank AB (publ) ("**Swedbank**") and UB Securities Ltd ("**UB Securities**") act as the joint global coordinators in the Offering and as subscription places of the Institutional Offering (Swedbank and UB Securities together, the "**Joint Global Coordinators**"). Nordnet Bank AB ("**Nordnet**") acts as a subscription place of the Public Offering, Institutional Offering and the Personnel Offering.

Over-Allotment Option

The Company is expected to grant Swedbank as stabilizing manager (the "**Stabilizing Manager**") an over-allotment option, which would entitle the Stabilizing Manager to subscribe for up to 598,802 additional new shares of the Company (the "**Optional Shares**") at the Final Subscription Price solely for the purpose of stabilization and to cover over-allotments, if any, in connection with the Offering (the "**Over-Allotment Option**"). The Over-Allotment Option would be exercisable within 30 days from the commencement of trading of the Shares on First North (which is expected to be the period between 10 December 2021 and 8 January 2022) (the "**Stabilization Period**"). The Optional Shares represent approximately 2.1 percent of the Shares and votes after the Offering, assuming that the Company will issue 5,212,191 Offer Shares. The number of Offer Shares has been calculated assuming that the Upsize Option is not exercised and that the Final Subscription Price of the Offer Shares would be in the middle of the Preliminary Price Range and a total of 38,580 Offer Shares will be subscribed for in the Personnel Offering at the lower subscription price applicable to the Personnel Shares (as defined below). However, the Optional Shares always correspond to a maximum of 15 percent of the total number of New Shares without the Upsize Option.

Stabilization

The Stabilizing Manager may, but is not obligated to, engage in measures during the Stabilization Period that stabilize, maintain or otherwise affect the price of the Shares. The Stabilizing Manager may allocate a larger number of shares than the maximum number of Offer Shares, which will create a short position. The short position is covered if it does not exceed the number of Additional Shares. The Stabilizing Manager is entitled to close the covered short position using the Over-Allotment Option and/or by buying Shares on the market. In determining the acquisition method of the Shares to cover the short position, the Stabilizing Manager may consider, among other things, the market price of the Shares in relation to the Final Subscription Price.

In connection with the Offering, the Stabilizing Manager may also purchase Shares from the market or bid for Shares to stabilize the market price of the Shares. The purpose of these measures is to support the market price of the Shares (by raising or maintaining the market price of the Shares in comparison with the price levels determined independently on the market or may prevent or delay any decrease in the market price of the Shares). However, stabilization measures cannot be carried out at a higher price than the Final Subscription Price. The Stabilizing Manager has no obligation to carry out these measures, and it may stop any of these measures at any time. The Stabilizing Manager (or the Company on behalf of the Stabilizing Manager) will publish information regarding the stabilization required by legislation or other applicable regulations. The stabilization measures can be conducted on First North during the Stabilization Period.

Any stabilization measures will be conducted in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse (the "**MAR**") and the Commission Delegated Regulation (EU) 2016/1052 supplementing the MAR with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures.

The Stabilizing Manager and the Company are expected to agree on a share issue and redemption arrangement related to the stabilization in connection with the Offering. Pursuant to such arrangement, the Stabilizing Manager may subscribe for a number of new shares in the Company (the "**Additional Shares**") equal to the maximum number of Optional Shares to cover any possible Over-Allotment Options in connection with the Offering. To the extent that the Stabilizing Manager subscribes for Additional Shares, it must return an equal number of Shares to the Company for redemption and cancellation by the Company by exercising first the Over-Allotment Option and/or by purchasing shares from the market.

Placing Agreement

The Company and the Joint Global Coordinators are expected to enter into a placing agreement (the "**Placing Agreement**"). In the Placing Agreement, the Company is expected to undertake to offer the Offer Shares for subscription to the subscribers acquired by the Joint Global Coordinators and the Joint Global Coordinators are expected to undertake to acquire the subscribers to the Offer Shares. For additional information, see "*Plan of Distribution in the Offering*".

Subscription Period

The subscription period for the Public Offering will commence on 29 November 2021 at 10.00 a.m. (Finnish Time) and end on 8 December 2021 at 4.00 p.m. (Finnish Time).

The subscription period for the Institutional Offering will commence on 29 November 2021 at 10.00 a.m. (Finnish Time) and end on 9 December 2021 at 11.00 a.m. (Finnish Time).

The subscription period for the Personnel Offering will commence on 29 November 2021 at 10.00 a.m. (Finnish Time) and end on 8 December 2021 at 4.00 p.m. (Finnish Time).

The Company's Board of Directors has, in the event of an oversubscription, the right to discontinue the Public Offering and the Institutional Offering to end at the earliest on 7 December 2021 at 4.00 p.m. (Finnish time). In addition, the Company's Board of Directors may, at its discretion, decide to suspend the Personnel Offering at the earliest on 7 December 2021 at 4.00.p.m. Finnish Time. The Public Offering, the Institutional Offering and the Personnel Offering may be discontinued or not be discontinued independently of one other. The company release will be published immediately after the suspension.

The Company's Board of Directors may extend the subscription periods of the Public Offering, the Institutional Offering and the Personnel Offering. A possible extension of the subscription period will be communicated through a company release, which will indicate the new end date of the subscription period. The subscription periods of the Public Offering, the Institutional Offering and Personnel Offering will in any case end on 20 December 2021 at 11.00 a.m. (Finnish time) at the latest. The Company's Board of Directors may extend or refrain from extending the subscription periods of the Public Offering, the Institutional Offering and the Personnel Offering independently of one another. A company release concerning the extension of the subscription period must be published no later than on the estimated final dates of the subscription periods for the Public Offering, the Institutional Offering and the Personnel Offering stated above.

Subscription Price

The preliminary subscription price for the Offer Shares in the Public Offering and Institutional Offering is a minimum of EUR 5.01 and a maximum of EUR 6.51 per Offer Share (the "**Preliminary Price Range**"). The Preliminary Price Range may be changed during the subscription period. The possible change will be announced in the company release and on the Internet at investors.aiforia.com/ipo, and at the subscription places for the Public Offering and Personnel Offering. If the upper limit of the Preliminary Price Range increases or the lower limit decreases as a result of the change, the Finnish-language Prospectus (the "**Prospectus**") published by the Company in connection with the Offering will be supplemented and the supplement will be published in a company release. The Final Subscription Price may be above or below the Preliminary Price Range. If the Prospectus is supplemented, investors shall have the right to use their right of withdrawal under Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71 / EC, as amended (the "**Prospectus Regulation**"). See "- *Cancellation of Commitments*" below.

The Final Subscription Price and the final number of Offer Shares will be determined on the basis of the subscription offers made by institutional investors in the Institutional Offering (the "**Subscription Offer**") in negotiations between the Company and the Joint Global Coordinators at the end of the Institutional Offering Period approximately 9 December 2021 (the "**Pricing**"). However, the Final Subscription Price in the Public Offering may not be higher than the maximum price of the Preliminary Price Range (i.e. EUR 6.51 per Offer Share). The subscription price per share of the Personnel Offering is 10 percent lower than the Final Subscription Price of the Public Offering (i.e. the Final Subscription Price of the Personnel Offering (as defined below) is not more than EUR 5.86 per Personnel Share (as defined below)). If the Preliminary Price Range is increased, the maximum price per share in accordance with the new Preliminary Price Range will apply. The Final Subscription Price may differ in the amount of the Public and Institutional Offerings only if the Final Subscription Price of the Institutional Offering is higher than the maximum price of the Preliminary Price Range. The Final Subscription Price and the Final Subscription Price of the Personnel Offering will be announced in the company release and will be available on the Company's website at investors.aiforia.com/ipo immediately after the Pricing, and at the Public Offering and the Personnel Offering subscription places no later than on the banking day following the Pricing, i.e. approximately 10 December 2021.

Conditionality of the Offering and Publishing of the Pricing

The Company's Board of Directors, in consultation with the Joint Global Coordinators, will decide on the completion of the Offering and the final number of New Shares, the use of Upsize Option, the Final Subscription Price and the allocation of Offer Shares in connection with the Pricing on or about 9 December 2021. The above information will be published through a company release immediately after the Pricing and will be available on the Company's website at investors.aiforia.com/ipo following the publication of the company release and in the subscription places of the Public Offering and Personnel Offering no later than the business day following the Pricing, i.e. on or about 10 December 2021.

In case the Offering does not result in an amount of subscriptions for the Offer Shares satisfactory to the Company and the Joint Global Coordinators, the Offering will not be completed. The completion of the Offering is conditional upon the Placing Agreement being entered into and remaining in force.

Cancellation of Commitments

A commitment to subscribe for the Offer Shares in the Public Offering or a commitment to subscribe for the Personnel Shares (as defined below) in the Personnel Offering (the "**Commitmen**t") cannot be amended. The Commitment may be cancelled only in situations pursuant to Article 23 of the Prospectus Regulation.

Cancellation in accordance with the Prospectus Regulation

If the Finnish Prospectus is supplemented pursuant to the Prospectus Regulation due to a significant new factor, material mistake or material inaccuracy, which may affect the assessment of the Offer Shares ("**Grounds for Supplement**"), investors who have subscribed for Offer Shares before the supplement is published shall have the right to withdraw their subscriptions during a cancellation period which shall last for three (3) working days from the publication of the supplement of the Finnish Prospectus. The cancellation right is further conditional on that the Grounds for Supplement was noted prior to the end of the Subscription Period.

The Company will announce cancellation instructions by way of a company release. This company release shall also announce investors' right to cancel Commitments, the period within which Commitments may be cancelled and more detailed instructions on cancellation. After the end of the cancellation period, the right of cancellation will lapse.

Procedure to Cancel a Commitment

The cancellation of a Commitment must be notified to the subscription place where the initial Commitment was made, within the time limit set for such cancellation. Investors who have submitted their subscriptions via Nordnet must send a written cancellation request within the set time limit by email to operations.fi@nordnet.fi or by delivering the cancellation to Nordnet's office with the following exceptions: the Commitment submitted by Nordnet's own customers via Nordnet's online service can be cancelled through an authorized representative or via Nordnet's online service by accepting a separate cancellation of Commitment by using Nordnet's bank identifiers.

A cancellation of a Commitment applies to the entire Commitment. After the time limit set for cancellation has expired, the cancellation right is no longer valid. If the Commitment is cancelled, the subscription place refunds the sum paid for the Offer Shares to the bank account specified in the Commitment. The payment is refunded as soon as possible after the cancellation, approximately within five banking days of serving the subscription place with the cancellation notice. If an investor's bank account is in a different monetary financial institution than the place of subscription, the refund will be paid to the investor's Finnish bank account in accordance with the payment schedule of the monetary financial institutions, approximately no later than two banking days thereafter. No interest will be paid on the refunded amount.

Entry of Offer Shares into Book-Entry Accounts

An investor who is a Finnish natural person or a Finnish entity or foundation and has submitted a Commitment must have a book-entry account with a Finnish account operator or with an account operator operating in Finland. Investors must specify the details of their book-entry account in their Commitments. It is possible to make subscriptions to equity savings accounts through Nordnet only to an equity savings account provided by Nordnet. The Offer Shares allocated in the Public Offering and in the Personnel Offering are recorded in the book-entry accounts of investors who have made an approved Commitment on or about the first banking day after the Pricing takes place, on or about 10 December 2021. In the Institutional Offering, investors should contact the Joint Global Coordinators for the Subscription Offers received by the Joint Global Coordinators or Nordnet for the Subscription Offers received by Nordnet. In the Institutional Offering, the allocated Offer Shares will be ready to be delivered against payment on or about 14 December 2021 through Euroclear Finland Ltd.

Title and Shareholder Rights

The title to the Offer Shares will be transferred when the Offer Shares are paid for and the Offer Shares are registered in the Trade Register maintained by the Finnish Patent and Registration Office (the "**Trade Register**") and the Offer Shares are recorded in the investor's book-entry account. Offer Shares carry rights equal to all other Shares in the Company and they will entitle their holders to dividends and other distributions of funds as well as other rights related to the Shares when the title has been transferred.

Transfer Tax and Other Expenses

Transfer tax will not be levied in connection with the issuance or subscription of the Offer Shares in Finland. The Additional Shares distributed in an event of an over-allotment, if any, will be distributed when the trading in the Shares commences in First North and no transfer tax is expected to be paid on these transfers in Finland. Should transfer tax be levied, the Company will pay or procure the payment of any transfer tax on the allotment of Additional Shares. Account operators charge fees in accordance with their price lists for the maintenance of the book-entry account and for safekeeping of shares.

Trading in the Shares

The Company intends to file a listing application with Nasdaq Helsinki to list the Shares on the First North. Trading in the shares is expected to commence on the First North on or about 10 December 2021. The trading code of the shares is "AIFORIA" and the ISIN code is FI4000507934.

When trading on the First North begins on or about 10 December 2021, not all of the Offer Shares issued in the Offering may yet have been transferred to the investor's book-entry accounts. If an investor wishes to sell Offer Shares subscribed for by it in the Offering on the First North, the investor should ensure that the number of shares registered to its book-entry account covers the transaction in question at the time of clearing.

Right to Cancel the Offering

The Company's Board of Directors has the right to cancel the Offering at any time before the Pricing on the grounds of, among others, the market conditions, the Company's financial position or a material change in the Company's business. If the Board of Directors of the Company decides to cancel the Offering, the subscription price paid by the investors will be refunded in approximately five banking days from the cancellation decision. If an investor's bank account is in a different monetary financial institution than the place of subscription, the refund will be paid to a Finnish bank account in accordance with the payment schedule of the monetary financial institutions, approximately no later than two banking days thereafter. For those who gave their Commitments through Nordnet's subscription place, the refunded amount will be paid to a Nordnet cash account. No interest will be paid on the refunded amount

Lock-up

The Company will agree that, during the period that will end on the date that falls 180 days from the Listing and commencement of trading (i.e., on or about 8 June 2022), without the prior written consent of the Joint Global Coordinators (which consent may not be unreasonably withheld), it will not issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares or enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequence of ownership of Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise, or submit to the General Meeting a proposal to effect any of the foregoing. The Company lock-up does not apply to the Offering, pre-existing rights to purchase or subscribe for Shares based on warrants, options or other special rights entitling to Shares and issued by the Company, or the remuneration or incentive programs described in the Offering Circular.

The members of the Board of Directors and the management team of the Company have undertaken that they will not, without the prior written consent of the Joint Global Coordinators (which consent may not be unreasonably withheld) and during a period ending 180 days after the Listing and commencement of trading (i.e., on or about 8 June 2022), issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise directly or indirectly transfer or dispose of any Shares or any securities convertible into or exchangeable for Shares or enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequence of ownership of Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise.

The existing shareholders of the Company have undertaken that they will not, without the prior written consent of the Joint Global Coordinators (which consent may not be unreasonably withheld) and during a period ending 180 days after the Listing and commencement of trading (i.e., on or about 8 June 2022), issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise directly or indirectly transfer or dispose of any Shares or any securities convertible into or exchangeable for Shares or enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequence of ownership of Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise. There are certain exemptions to the application of the lock-up of such shareholders.

As a precondition for participating in the Personnel Offering, the persons participating in the Personnel Offering when subscribing, must simultaneously agree to comply with the lock-up that will end on the date that falls 360 days from the Listing. The 360-day lock-up on the Personnel Offering only applies to the Offer Shares subscribed and allocated in the Personnel Offering.

The lock-up applies to approximately 81.1 per cent of the Shares and votes after the Offering assuming that (i) the Over-Allotment Option and the Upsize Option will not be exercised (approximately 76.8 percent of the Shares and votes, assuming that the Over-Allotment Option and the Upsize Option are exercised in full), and (ii) the Company will issue 4,691,358 Offer Shares (the number of Offer Shares has been calculated assuming that the Final Subscription Price is in the middle of the Preliminary Price Range and (iii) a total of 38,580 Offer Shares will be subscribed for in the Personnel Offering at a lower subscription price applicable to the Personnel Shares (as defined below).

Other matters

Other issues and practical matters relating to the Offering will be resolved by the Board of Directors of the Company.

Documents on Display

The Company's latest financial statements, report of the Board of Directors and the auditor's report as well as the other documents pursuant to Chapter 5, Section 21 of the Finnish Companies Act (624/2006, as amended, the "**Finnish Companies Act**"), are available during the subscription period at the Company's offices at Tukholmankatu 8, FI-00290 Helsinki, Finland.

Applicable Law

The Offering shall be governed by the laws of Finland. Any disputes arising in connection with the Offering shall be settled by a court of competent jurisdiction in Finland

Special Terms and Conditions Concerning the Public Offering

Overview

Preliminarily a maximum of 998,004 Offer Shares are offered in the Public Offering to private individuals and entities in Finland. Depending on the demand, the Company may reallocate Offer Shares between the Public Offering, Institutional Offering and the Personnel Offering in deviation from the preliminary number of shares without limitation. However, the minimum number of Offer Shares to be offered in the Public Offering will be 460,829 Offer Shares or, if the aggregate number of shares covered by the Commitments submitted in the Public Offering is smaller than this, such aggregate number of Offered Shares as covered by the Commitments.

The place of subscription has the right to reject a Commitment, either partially or wholly, if the Commitment does not comply with the terms and conditions herein or if it is otherwise incomplete.

Right to Participate and the Minimum and Maximum Amounts for Commitments

Offer Shares will be offered in the Public Offering to investors whose domicile is in Finland and who submit their Commitments in Finland. Commitments in the Public Offering must cover no less than 100 and no more than 19,960 Offer Shares. Each investor may submit only one Commitment in the Public Offering. If an investor submits a Commitment in more than one subscription place in the Public Offering, only the first Commitment will be taken into account when allocating the Offer Shares. Entities submitting a Commitment must have a valid LEI code. However, the commitments given by the same investor in both the Public Offering and the Personnel Offering will not be combined.

Places of Subscription and Submission of Commitments

Commitment is considered to have been made when the investor has submitted a signed commitment form to the place of subscription in accordance with instructions of the place of subscription or when the investor has confirmed the Commitment with bank identifiers in accordance with the instructions of the place of subscription and paid for the subscription concerned by the Commitment. A Commitment submitted as an online subscription is deemed to have been made when the investor has made the Commitment in accordance with the terms and conditions of the online subscription or has confirmed the Commitment with its bank identifiers and paid for the share subscription price in accordance with the Commitment. Any more detailed instructions issued by the place of subscription must be taken into consideration when submitting a Commitment.

Commitments may only be cancelled in the manner and situations referred to under "*– General Terms and Conditions of the Offering – Cancellation of Commitments*".

The places of subscription in the Public Offering for customers with a book-entry account in Nordnet or another bank are:

- Nordnet's online service at www.nordnet.fi/fi/aiforia. Subscriptions can be made in the online service with bank identifiers of Nordnet as well as with the bank identifiers of Aktia, Danske Bank, Handelsbanken, Nordea, Oma Säästöpankki, Osuuspankki, POP Pankki, S-Pankki, Säästöpankki and Ålandsbanken.

Submitting a Commitment via Nordnet's online service requires personal bank identifiers. A Commitment can also be made on behalf of a corporation through Nordnet's online service. Such decedent's estates and persons under guardianship who are not Nordnet customers may not give a Commitment via the Nordnet online service but shall rather give their Commitments at the offices of Nordnet. The visit must be arranged separately.

Commitments by or on behalf of persons under the age of 18, or otherwise under guardianship, must be made by their legal guardians and they may require the approval of the Finnish local guardianship authority. A guardian may not subscribe for Offer Shares without the permission of the local guardianship authority, as the Offer Shares are not yet subject to trading at the time of the Commitment.

Payment of Offer Shares

When submitting a Commitment, the price to be paid for the Offer Shares is the maximum price for the Preliminary Price Range (i.e. EUR 6.51 per Offer Share) multiplied by the number of Offer Shares covered by the Commitment. If the Preliminary Price Range is changed, the maximum price of the new Preliminary Price Range will apply to the Commitments entered into thereafter. The Final Subscription Price may not exceed the maximum price of the Preliminary Price Range.

The payment corresponding to the Commitment that has been submitted through Nordnet's online service will be charged from the investor's bank account when the investor confirms the Commitment with his or her bank identifiers.

Approval of Commitments and Allocation

The Company will decide on the allocation of Offer Shares in the Public Offering to investors after the Pricing. The Company will decide on the procedure to be followed in any situation where there is overdemand. Commitments may be approved or rejected in whole or in part. In the event of an oversubscription, the Company aims to approve investors' Commitments in whole up to 100 Offer Shares and, for Commitments exceeding this amount, the Company allocates Offer Shares in proportion to the amount of Commitments unmet.

Confirmations regarding the approval of the Commitments and the allocation of Offer Shares will be sent to the investors who have submitted their Commitments in the Public Offering as soon as possible and on or about 20 December 2021 at the latest. Investors who have submitted their Commitments as Nordnet's customers through Nordnet's online service, will see their Commitments as well as Offer Shares allocated to them on the transaction page of Nordnet's online service.

Refunding of Paid Amounts

If the Commitment is rejected or only partially approved and/or if the Final Subscription Price is less than the price paid in connection with submission of the Commitment, the excess amount paid will be refunded to the party that made the Commitment to the bank account identified in the Commitment on or about the fifth banking day after the Pricing, i.e. on or about 16 December 2021. To Nordnet's own customers who gave their Commitments via Nordnet's subscription place, the amount to be refunded will be paid to Nordnet cash accounts. If an investor's bank account is in a different monetary financial institution than the place of subscription, the refund will be paid to a bank account in accordance with the payment schedule of the monetary financial institutions, approximately no later than two banking days thereafter. No interest will be paid on the refunded amount. See also "*– General Terms and Conditions of the Offering – Cancellation of Commitments*" above.

Entry of Offer Shares into Book-Entry Accounts

An investor submitting Commitments in the Public Offering must have a book-entry account with a Finnish account operator or an account operator operating in Finland, and the investor must specify the details of its book-entry account in its Commitment. Subscriptions to equity savings accounts though Nordnet can be made only to an equity savings account provided by Nordnet. The Offer Shares allocated in the Public Offering will be recorded in the book-entry accounts of investors who have made an approved Commitment, on or about the first banking day after the Pricing (i.e. on or about 10 December 2021).

Special Terms and Conditions Concerning the Institutional Offering

Overview

Preliminarily a maximum of 4,750,499 Offer Shares are being offered in the Institutional Offering to institutional investors in Finland and, in accordance with the applicable laws, internationally outside the United States in compliance with Regulation S. Depending on the demand, the Company may reallocate Offer Shares between the Public, Institutional Offering and Personnel Offering in deviation from the preliminary number of Offer Shares without limitation. However, the minimum number of Offer Shares to be offered in the Public Offering will be 460,829 Offer Shares or, if the aggregate number of shares covered by the Commitments submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by the Commitments.

Offer Shares will be offered in the Institutional Offering outside the United States in offshore transactions in compliance with Regulation S and otherwise in compliance with the U.S. Securities Act. The Shares (including the Offer Shares) have not been registered, and they will not be registered under the U.S. Securities Act or under the securities laws of any state of the United States and, accordingly, will not be offered or sold, directly or indirectly, in or into the United States as defined in Regulation S, unless they are registered under the U.S. Securities Act or unless the exemption from the registration requirements of the U.S. Securities Act applies and the applicable US state securities laws are complied with.

The Joint Global Coordinators and Nordnet have the right to reject a subscription, either partially or wholly, if it does not comply with the terms and conditions herein or if it is otherwise incomplete.

Right to Participate and Place of Subscription

An investor, whose Subscription Offer is at least 19,970 Offer Shares, may participate in the Institutional Offering. Entities submitting a Subscription Offer must have a valid LEI code.

The Subscription Offers of institutional investors will be received by the Joint Global Coordinators and Nordnet.

Commitments by Cornerstone Investors

The cornerstone investors set out below (together the "**Cornerstone Investors**") have each individually in November 2021 given subscription undertakings in relation to the Offering, under which the Cornerstone Investors have, each individually, committed to subscribe for Offer Shares at the Final Subscription Price, subject to certain conditions being fulfilled, provided that the combined value of the Company's Shares does not exceed the maximum valuations set forth in the subscription undertakings. Cornerstone Investors, whose subscription commitments amount to EUR 13.5 million in total, have committed to subscribe for Offer Shares provided that the imputed Final Subscription Price does not exceed EUR 6.01. In addition, certain subscription commitments of the Cornerstone Investors are conditional on the Company being able to raise at least EUR 25 million in gross proceeds through the Offering. According to the terms and conditions of the subscription undertakings, the Cornerstone Investors will be guaranteed the number of Offer Shares covered in the subscription undertakings. The Cornerstone Investors will not be compensated for their subscription undertakings. The Cornerstone Investors have given subscription undertakings as follows:

- The commitment of UB Asset Management Ltd on behalf of its certain clients amounts to EUR 5.6 million on the condition that the maximum valuation of all of the Company's outstanding Shares (before any proceeds from the Offering), based on the Final Subscription Price, does not exceed EUR 120 million.
- The commitment of Suotuuli Oy amounts to EUR 0.9 million on the condition that the maximum valuation of all of the Company's outstanding Shares (before any proceeds from the Offering), based on the Final Subscription Price, does not exceed EUR 120 million.
- The commitment of Verman Group Oy amounts to EUR 0.5 million on the condition that the maximum valuation of all of the Company's outstanding Shares (before any proceeds from the Offering), based on the Final Subscription Price, does not exceed EUR 150 million.
- The commitment of certain funds managed by UB Fund Management Company Ltd amounts to EUR 1.0 million on the condition that the maximum valuation of all of the Company's outstanding Shares (before any proceeds from the Offering), based on the Final Subscription Price, does not exceed EUR 120 million.
- The commitment of Thomasset Oy amounts to EUR 1.0 million on the condition that the maximum valuation of all of the Company's outstanding Shares (before any proceeds from the Offering), based on the Final Subscription Price, does not exceed EUR 150 million.
- The commitment of ACME Investments SPF Sarl amounts to EUR 1.0 million on the condition that the maximum valuation of all of the Company's outstanding Shares (including any proceeds from the Offering), based on the Final Subscription Price, does not exceed EUR 150 million.
- The commitment of Sto-Finance Ltd amounts to EUR 0.35 million.

- The commitment of Moomin Characters Oy Ltd amounts to EUR 0.335 million on the condition that the maximum valuation of all of the Company's outstanding Shares (including any proceeds from the Offering), based on the Final Subscription Price, does not exceed EUR 180 million.
- The commitment of certain funds managed by entities owned by Aktia Bank Plc amounts to EUR 3.0 million on the conditions that the maximum valuation of all of the Company's outstanding Shares including any proceeds from the Offering, based on the Final Subscription Price, does not exceed EUR 200 million and that the maximum valuation of all of the Company's outstanding Shares before any proceeds from the Offering, based on the Final Subscription Price, does not exceed EUR 150 million.
- The commitment of DAKAR Oy amounts to EUR 0.335 million on the condition that the maximum valuation of all of the Company's outstanding Shares (including any proceeds from the Offering), based on the Final Subscription Price, does not exceed EUR 180 million.
- The commitment of Aderno Oy amounts to EUR 0.35 million on the condition that the maximum valuation of all of the Company's outstanding Shares (including any proceeds from the Offering), based on the Final Subscription Price, does not exceed EUR 180 million.
- The commitment of certain funds managed by Sp-Fund Management Company Ltd amounts to EUR 2.0 million on the condition that the maximum valuation of all of the Company's outstanding Shares (before any proceeds from the Offering), based on the Final Subscription Price, does not exceed EUR 120 million.
- The commitment of Joensuun Kauppa ja Kone Oy amounts to EUR 1.2 million on the condition that the maximum valuation of all of the Company's outstanding Shares (before any proceeds from the Offering), based on the Final Subscription Price, does not exceed EUR 120 million.
- The commitment of Markku Kaloniemi amounts to EUR 0.25 million on the condition that the maximum valuation of all of the Company's outstanding Shares (before any proceeds from the Offering), based on the Final Subscription Price, does not exceed EUR 150 million.
- The commitment of Mikko Laakkonen amounts to EUR 2.0 million on the condition that the maximum valuation of all of the Company's outstanding Shares (before any proceeds from the Offering), based on the Final Subscription Price, does not exceed EUR 120 million.
- The commitment of Timo Soininen amounts to EUR 0.25 million on the condition that the maximum valuation of all of the Company's outstanding Shares (before any proceeds from the Offering), based on the Final Subscription Price, does not exceed EUR 150 million.
- The commitment of Taloustieto Incrementum Oy amounts to EUR 0.8 million on the condition that the maximum valuation of all of the Company's outstanding Shares (before any proceeds from the Offering), based on the Final Subscription Price, does not exceed EUR 120 million.

The subscription undertakings of the Cornerstone Investors represent approximately 77.2 percent of the Offer Shares assuming that the Over-Allotment Option and Upsize Option will not be exercised (approximately 59.6 percent assuming that the Over-Allotment Option and Upsize Option will be exercised in full), and assuming that the Company will issue 4,691,358 Offer Shares. The number of Offer Shares has been calculated assuming that the Final Subscription Price is in the middle of the Preliminary Price Range and that a total of 38,580 Offer Shares will be subscribed in the Personnel Offering at a lower subscription price applicable to the Personnel Shares (as defined below).

Approval of Subscription Offers and Allocation

The Company will decide on the acceptance of Subscription Offers submitted in the Institutional Offering after the Pricing. The Company will decide on the procedure to be followed in any overdemand situations. Subscription Offers may be approved or rejected in whole or in part. A confirmation of the approved Subscription Offers in the Institutional Offering will be provided as soon as practically possible after the allocation.

Payment of Offer Shares

Institutional investors must pay for the Offer Shares corresponding to their accepted Subscription Offers in accordance with the instructions issued by the Joint Global Coordinators and Nordnet on or about 14 December 2021. The Joint Global Coordinators have the right, provided by the duty of care set for securities intermediaries, to require that the investor provides information concerning its ability to pay for the Offer Shares corresponding to its Subscription Offer or require that the payment for the Offer Shares concerned by the Subscription Offer be made in advance. The amount to be paid in this connection is the maximum price of the Preliminary Price Range (i.e. EUR 6.51 per Offer Share) multiplied by the number of Offer Shares covered by the Subscription Offer. The Final Subscription Price may fall below or exceed the Preliminary Price Range. If the Preliminary Price Range is changed, the maximum price per share of the new Preliminary Price Range will be applied to the Subscription Offers submitted thereafter. Possible refunds will be made on or about on the fifth banking day following the Pricing, on or about 16 December 2021. No interest will be paid on the refunded amount.

Special Terms and Conditions Concerning the Personnel Offering

Overview

A maximum of 44,356 shares of the Company (the "**Personnel Shares**") are being offered in the Personnel Offering to full-time and part-time permanent employees of the Company and its subsidiaries outside the United States who are employed at the commencement of the subscription period 29 November 2021 and to the Company's Board of Directors and members of the Management Team as well as the CEO (the "**Personnel**"). Depending on the demand, the Company may reallocate Offer Shares between the Public, Institutional and Personnel Offering in deviation from the preliminary number of Offer Shares without limitation. However, the minimum number of Offer Shares to be offered in the Public Offering will be 460,829 Offer Shares or, if the aggregate number of shares covered by the Commitments submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by the Commitments.

Right to Participate in the Personnel Offering and Lock-Ups

The Commitment for the Personnel Offering must apply to at least 100 Personnel Shares. More than one Commitment made by the same investor will be combined into one Commitment to which the above-mentioned maximum applies. However, the Commitments made by the same investor in the Personnel Offering will not be combined with the Commitments made in the Public and Institutional Offering.

The participation in the Personnel Offering is conditional upon the employment or employment relationship of the person concerned with the Company or its subsidiary still being valid at the end of the subscription period and the above-mentioned employment or employment relationship not being terminated.

Additionally, the participation in the Personnel Offering is also conditional upon the commitment to the lock-ups. Subject to the lock-ups, participants in the Personnel Offering shall not sell or otherwise transfer the Company's shares subscribed and allocated in the Personnel Offering during the 360 days following the Listing without the prior written consent of the Company or the Joint Global Coordinators. Lock-ups in the Personnel Offering are binding regardless of whether such lock-ups are recorded in the book-entry accounts of investors.

The right to participate in the Personnel Offering is personal and non-transferable. However, the person entitled to subscribe may make the subscription through an authorised representative.

The subscription place has the right to reject the subscription in whole or in part if it does not comply with these terms and conditions or is otherwise incomplete.

The Final Subscription Price in the Personnel Offering and Allocation of the Personnel Shares

The final subscription price in the Personnel Offering is 10 percent lower than the Final Subscription Price in the Public Offering (i.e. preliminary maximum of EUR 5.86 per Offer Share) (the "**Final Subscription Price in the Personnel Offering**"). The Final Subscription Price in the Personnel Offering may be lower than the minimum price of the Preliminary Price Range. The Final Subscription Price and the Final Subscription Price in the Personnel Offering will be made public through a company release after the Pricing, and be available at the subscription places of the Personnel Offering no later than on the banking day following the Pricing, i.e. on or about 10 December 2021.

The Board of Directors will decide on the allocation in the Personnel Offering after the Pricing. The Board of Directors will decide on the procedure to be followed in any overdemand situations. The Commitments may be approved or rejected in whole or in part. The Board of Directors will endeavor to accept the Commitments in full up to a limit to be decided later and to determine the final allocation principles for the part exceeding this amount based on aggregate demand. An electronic confirmation notification of the approved Commitments will be sent to the investors who made a Commitment on or about 20 December 2021. The Commitment is binding regardless of the confirmation notification and its receipt.

Places of Subscription and payment of Offer Shares

Nordnet acts as the subscription place for the Personnel Offering. In the Personnel Offering, the Commitments and the payments will be made in accordance with the separate instructions issued to the persons entitled to participate.

The Board of Directors have the right to reject a subscription, either partially or wholly, if it does not comply with the terms and conditions herein or if it is otherwise incomplete.

Refunding of Paid Amounts

If the Commitment is rejected or only partially approved and/or if the Final Subscription Price in the Personnel Offering is less than price paid in connection with submission of the Commitment, the excess amount paid will be refunded to the party that made the Commitment to the bank account identified in the Commitment on or about the fifth banking day after the Pricing, i.e. on or about 16 December 2021. If an investor's bank account is in a different monetary financial institution than the place of subscription, the refund will be paid to a bank account in accordance with the payment schedule of the monetary financial institutions, approximately no later than two banking days thereafter. If the Commitments given by the same entitled person have been combined, any refund of the payment will be made to the bank account from which the subscription payment has been made. No interest will be paid on the refunded amount.

Entry of Offer Shares into Book-Entry Accounts

An investor submitting Commitments in the Personnel Offering must have a book-entry account with a Finnish account operator or an account operator operating in Finland. The Personnel Shares allocated in the Personnel Offering will be recorded in the book-entry accounts of investors on or about 10 December 2021.

PLAN OF DISTRIBUTION

Placing Agreement

The Company and the Joint Global Coordinators are expected to conclude a placing agreement (the "**Placing Agreement**"). Under the Placing Agreement, the Company is expected to undertake to offer the Offer Shares for subscription to subscribers procured by the Joint Global Coordinators and the Joint Global Coordinators are expected to undertake, subject to certain conditions, to procure subscribers for the Offer Shares.

The Joint Global Coordinators' duty to fulfil their obligations pursuant to the Placing Agreement is expected to be conditional on the fulfilment of certain conditions. These conditions are expected to include, among others, that no material adverse change has taken place regarding the Company's business and that the Shares have been admitted to trading on the First North. The Joint Global Coordinators are expected to have the right to terminate the Placing Agreement subject to certain conditions prior to the Listing. The Company is expected to indemnify the Joint Global Coordinators against certain liabilities in relation to the Offering, including, in certain circumstances, liabilities pursuant to relevant securities market laws. In addition, the Company is expected to represent and warrant to the Joint Global Coordinators certain customary matters, which may relate to, among others, the Company's business and compliance with the law, the Shares, and the contents of the Finnish Prospectus.

Over-Allotment Option

The Company is expected to grant to Swedbank acting as a stabilizing manager (the "**Stabilizing Manager**") an over-allotment option, which would entitle the Stabilizing Manager to subscribe for up to 598,802 additional new shares in the Company (the "**Optional Shares**") at the Final Subscription Price solely for stabilizing purposes and to cover over-allotments in connection with the Offering (the "**Over-Allotment Option**"). The Over-Allotment Option would be exercisable within 30 days from the commencement of trading of the Shares of the Company on the First North (which is expected to be from 10 December 2021 through 8 January 2022) (the "**Stabilization Period**"). The Optional Shares represent approximately 2.1 percent of the Shares and votes after the Offering assuming that the Company issues 5,212,191 Offer Shares. The number of the Offer Shares has been calculated assuming that the Upsize Option is not exercised and that the Final Subscription Price is in the middle of the Preliminary Price Range and a total of 38,580 Offer Shares will be subscribed in the Personnel Offering at the lower subscription price applicable to Personnel Shares). However, the Optional Shares shall not exceed 15 percent of the combined total number of New Shares excluding the Upsize Option.

Stabilization

The Stabilizing Manager may, but is not obligated to, engage in measures during the Stabilization Period that stabilize, maintain or otherwise affect the price of the Shares. The Stabilizing Manager may allocate a larger number of shares than the total number of Offer Shares, which will create a short position. The short position is covered if such number of shares does not exceed the number of Optional Shares. The Stabilizing Manager is entitled to close the covered short position using the Over-Allotment Option and/or by buying shares on the market. In determining the acquisition method of the shares to cover the short position, the Stabilizing Manager may consider, among other things, the market price of the shares in relation to the Final Subscription Price.

In connection with the Offering, the Stabilizing Manager may also bid for and purchase Shares in the market to stabilize the market price of the Shares. These measures may support the market price of the Shares (by raising or maintaining the market price of the Shares in comparison with the price levels determined independently on the market or by preventing or delaying any decrease in the market price of the Shares). However, stabilization measures cannot be carried out at a higher price than the Final Subscription Price. The Stabilizing Manager has no obligation to carry out these measures, and it may stop any of these measures at any time. The Stabilizing Manager (or the Company on behalf of the Stabilizing Manager) will publish the information regarding the stabilization required by legislation or other applicable regulations. Stabilization measures may be carried out on First North during the Stabilization Period.

Any stabilization measures will be conducted in accordance with the MAR and the Commission Delegated Regulation (EU) 2016/1052 supplementing the MAR with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilization measures.

The Stabilizing Manager and the Company are expected to agree on a share issue and redemption arrangement related to the stabilization in connection with the Offering. Pursuant to such arrangement, the Stabilizing Manager may subscribe for a number of new shares in the Company (the "**Additional Shares**") equal to the maximum number of Optional Shares to cover any possible over-allotments in connection with the Offering. To the extent that the Stabilizing Manager subscribes for Additional Shares, it must return an equal number of shares to the Company for redemption and cancellation by exercising first the Over-Allotment Option and/or purchasing shares in the market.

Lock-ups

The Company has agreed that, during the period that will end on the date that falls 180 days from the Listing and the commencement of trading (i.e. on or about 8 June 2022), it will not, without the prior written consent of the Joint Global Coordinators (which consent may not be unreasonably withheld), issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares or enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequence of ownership of Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise, or submit to the Company's general meeting a proposal to effect any of the foregoing. The Company lock-up does not apply to the Offering, the prior rights to purchase or subscribe Shares on the grounds of warrants, options or other special rights entitling to the Shares or to the incentive schemes described in the Offering Circular.

The members of the Board of Directors and Management Team have agreed that, during the period that will end on the date that falls 180 days from the Listing and the commencement of trading (i.e. on or about 8 June 2022), it will not, without the prior written consent of the Joint Global Coordinators (which consent may not be unreasonably withheld), issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares or enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequence of ownership of Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise.

The existing shareholders of the Company have agreed that, during the period that will end on the date that falls 180 days from the Listing and the commencement of trading (i.e. on or about 8 June 2022), it will not, without the prior written consent of the Joint Global Coordinators (which consent may not be unreasonably withheld), issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares or enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequence of ownership of Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise. Certain exceptions apply to the lock-ups for such shareholders.

As a condition for participating in the Personnel Offering, the persons entitled to participate in the Personnel Offering while making the subscription simultaneously agree to comply with the lock-up which applies to the subscribed and allocated Personnel Shares and which will end on the date that falls 360 days from the Listing.

The lock-up applies to approximately 81.1 percent of the Shares and votes after the Offering assuming that (i) the Over-Allotment Option and Upsize Option will not be exercised (approximately 76.8 percent assuming that the Over-Allotment Option and Upsize Option will be exercised in full), (ii) the Company will issue 4,691,358 Offer Shares (the number of Offer Shares has been calculated assuming that the Final Subscription Price is in the middle of the Preliminary Price Range and that a total of 38,580 Offer Shares will be subscribed in the Personnel Offering at a lower subscription price applicable to the Personnel Shares).

Fees and Expenses

The Company will pay the Joint Global Coordinators a commission, which is based on the Company's gross proceeds received from the Offer Shares. Additionally, the Company may in its discretion pay an incentive payment to the Joint Global Coordinators. In addition, the Company has agreed to reimburse the Joint Global Coordinators for certain expenses.

The Company expects to pay approximately a maximum of EUR 3 million in fees and expenses in connection with the Offering, assuming that the discretionary incentive fee is paid in full and that the Company issues 4,691,358 Offer Shares at a subscription price of EUR 5.76 (The number of Offer Shares has been calculated assuming that the Over-Allotment Option and Upsize Option will not be exercised).

Interests Relevant to the Offering

The Joint Global Coordinators and/or their related parties have offered, and may offer in the future, advisory, consulting, and/or banking services to the Company. In relation to the Offering, the Joint Global Coordinators and/or investors who are related parties to the Joint Global Coordinators may take on their own account part of the Offer Shares, and in this position, hold, sell, or purchase Offer Shares on their own account, and may offer or sell Offer Shares outside the Offering in accordance with the applicable laws. The Joint Global Coordinators do not intend to announce the extent of such investments or transactions unless required by law.

Dilution

The maximum number of Offer Shares offered in the Offering represents 25.9 percent of all Shares and votes after the completion of the Offering, assuming that the Over-Allotment Option and the Upsize Option will be exercised in full and that the Final Subscription Price is the lowest price of the Preliminary Price Range and that a total of 44,356 Offer Shares will be subscribed in the Personnel Offering at a lower subscription price applicable to these Offer Shares). In the event that existing shareholders of the Company do not subscribe for the Offer Shares in the Offering, their total holding of shares would be diluted by 25.9 percent. Correspondingly, if the Final Subscription Price is the highest price of the Preliminary Price Range, the existing shareholders' total holding of shares would be diluted by 21.2 percent.

The Company's equity per Share was EUR 0.60 as at 30 June 2021. The Preliminary Price Range of Offer Shares is EUR 5.01–6.51 per Offer Share.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process, which has determined that the Offer Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Offer Shares may decline and investors could lose all or part of their investment; the Offer Shares offer no guaranteed income and no capital protection; and an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Offer Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Offer Shares and determining appropriate distribution channels.

BUSINESS OVERVIEW

General

Aiforia is a Finnish company providing image analysis software utilising artificial intelligence. Aiforia's business model is based on the development and utilisation of AI models in the analysis of tissue and cell samples relating to medical research and diagnostics. Software solutions offered by Aiforia are aimed at automating diagnostic analyses and the most laborious parts of image-based diagnostics by utilising deep learning AI models and cloud-based image management. Aiforia estimates that its AI models can identify and calculate details in tissue samples which are challenging or laborious to identify or calculate visually when supporting tools are not used. Due to this, Aiforia estimates that its AI models can improve the efficiency of analysing samples and produce more accurate results. Aiforia believes that AI models can improve the accuracy of diagnosis and improve identifying patients who are more likely to benefit from certain treatments. At present, Aiforia mainly offers its software solutions for the analysis of samples in pathology (such as tissue and cell samples), but Aiforia estimates that its software solutions can also be used in the future in other medical applications, in which researchers, medical doctors and other health care professionals interpret samples or images with visual means.

Aiforia's offering is divided into the sales of software solutions and services for preclinical research and the sales of software solutions and services for clinical diagnostics. Preclinical research refers to medical research or, for example, drug development. Clinical diagnostics refer to the analysis of patient samples in order to, for example, detect diseases. Aiforia has developed for several years software solutions for preclinical research utilising AI, and such software solutions have already been commercialised. As at the date of this Offering Circular, Aiforia has also begun to commercialise the first software solutions and services utilising AI models intended for clinical diagnostics. Aiforia aims also to develop new AI models in order to widen the applications of its software solutions in clinical diagnostics. As Aiforia has only during 2021 begun to commercialise its software solutions and services for clinical diagnostics, Aiforia's revenue has historically originated completely from the sales of software solutions and services for preclinical research.

Aiforia's main customer segments comprise two different customer segments: customers in preclinical research, such as customers carrying out academic research, research service companies and pharmaceutical and biotechnology companies, and customers in clinical diagnostics, such as hospitals, healthcare companies and clinical laboratories. Customers carrying out academic research include, for example, universities and research institutes, which utilise Aiforia's software solutions for preclinical research applications in their research activities. Pharmaceutical and biotechnology companies also utilise Aiforia's software solutions for preclinical research in, for example, their drug development and research. Customers in the clinical diagnostics sector, such as healthcare companies, laboratories and hospitals, are envisaged to use Aiforia's software solutions in the analysis of tissue samples in pathology, and such as, as a support tool in patient diagnostics. As at the date of this Offering Circular, Aiforia's software solutions for clinical diagnostics are only used by a limited number of test customers.

Aiforia has customers using its preclinical software solutions all over the world, and as at the date of this Offering Circular, its software solutions have over 3,000 active users in over 50 countries and approximately 100 customer locations. The majority of Aiforia's customers are based in Europe and North America.

The table below presents the geographical distribution of Aiforia's invoicing for the periods indicated.[5]

	Financial year ended 31 December 2020	**Financial year ended 31 December 2019**	**Financial year ended 31 December 2018**
Finland	26%	56%	67%
Europe (Excluding Finland), Middle East and Africa (EMEA) and Asia-Pacific (APAC)	37%	12%	26%
North America	37%	32%	7%

History

The most significant development milestones in Aiforia's business operations are listed below:

- 2013: Aiforia was incorporated with the business name Fimmic Oy.
- 2014: Aiforia started its business operations.

[5] Information on the geographical distribution of invoicing has not been audited and it contains certain assumptions made by the management. Therefore, this information is only considered to approximate the geographical distribution, and it may not be directly comparable with Aiforia's information reported in accordance with the FAS.

- 2015: The Company started a research project to develop an image analysis platform based on deep learning artificial intelligence.
- 2016: Aiforia started a joint project with MIT (*Massachusetts Institute of Technology*) on the utilisation of artificial intelligence in research on lung cancer.
- 2017: Aiforia Custom image analysis services and applications used for training artificial intelligence were taken into commercial use.
- 2018: The first academic research pertaining to Aiforia's deep-learning-based AI software was published in the European Journal of Neuroscience.
- 2018: ISO 13485 certificate was awarded to Aiforia's quality management system, and Aiforia incorporated a subsidiary, Aiforia Inc., in the United States.
- 2019: The first CE-IVD[6] marking was awarded to Aiforia's software solution in visual diagnostics.
- 2019: Aiforia's subsidiary Aiforia Inc. started its operations in the United States.
- 2020: A patent relating to interactive machine learning was granted to Aiforia in the United States, and Aiforia entered into a co-operation agreement with the pharmaceutical company Bristol Myers Squibb.
- 2021: Aiforia entered into a distribution agreement for Aiforia's software solutions with Epredia. Epredia is a global player in the field of anatomical pathology, providing solutions for cancer and tissue diagnostics.[7]
- 2021: First CE-IVD markings for AI models created by Aiforia. The first two AI models are intended for breast cancer and lung cancer diagnostics (for the quantification of Ki67 and PD-L1 biomarkers).
- 2021: Aiforia signed a master agreement with the US based Mayo Foundation for Medical Education and Research ("**Mayo Clinic**"). Mayo Clinic is a US based nonprofit academic organisation providing medical research and hospital services.

Aiforia's strengths

Introduction

The Company expects that the digital transformation and the latest developments in artificial intelligence will also impact working methods in the field of pathology. The working methods currently used in the field are often highly reliant on traditional methods based on visual interpretation, but according to the Company's view, the industry is in a transition stage where it is facing an increasing need to introduce AI-based methods to improve efficiency.

The software solutions and AI models developed by the Company are intended to boost the efficiency of analysis made with traditional working methods, automate routine work stages and, in the future, also offer new kinds of solutions for diagnostic use. According to the management's estimate, the Company is in a good position to offer solutions needed in the transformation of the field of pathology. The Company's management believes that the following factors, in particular, are the Company's key strengths:

Existing AI technology and software solutions

The Company has actively developed its software solutions and AI technology ever since it was established. The Company has introduced to the market a wide range of versatile AI software solutions operated under a cloud service model with the purpose of enabling various image analysis tasks to be automated. The software solutions are designed particularly for very large tissue sample images resembling satellite images and with a size of several gigabytes or even terabytes, but they are also suitable, and have widely been used for, analysing image material of various types and sizes.

The AI technology used by the Company is based on deep neural networks and supervised learning of AI. The same technology has proven very effective in many different image analysis applications, such as in self-driving cars, various face identification applications and the automation solutions of factories, for example. The Company was one of the first players in the field of pathology to introduce image analysis software based on deep neural networks as a commercial solution to the market.

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[6] CE-IVD marking means a marking of conformity in accordance with the Regulation (EU) 2017/746 of the European Parliament and the Council on in vitro medical devices. For more information, see "*Business overview – Regulatory environment and standards in clinical diagnostics*".

[7] Epredia is a business unit of the Japanese PHC Holdings Group. The distribution agreement has been concluded between Aiforia and the following companies belonging to the Epredia business unit: New Erie Scientific LLC, Richard-Allan Scientific LLC and Shandon Diagnostics Limited. Shandon Diagnostics Limited is also one of the Company's largest shareholders (for more information, see "

Ownership structure – *Major shareholders*").

The software solutions developed by the Company and their unique user interface for training AI make the latest technology based on deep neural networks available to various experts. The Aiforia Create software solution enables AI models based on deep neural networks to be conveniently trained by an expert, such as a pathologist, without prior experience or know-how in neural network technology or coding, for example. The Company has invested in its product development by ensuring that the handling of large images and image analysis results is as smooth as possible for the user, that the AI models can be taught as swiftly and efficiently as possible and that the image analysis conducted with the AI models takes place as quickly as possible. The feature of the Company's software that displays the results of the AI model for the user across the entire large image as pixel-level findings is, in the Company's view, a significant strength compared to other players in the industry. The Company also has a patent for the technical solutions behind the functionalities it has developed (for more information on the patent, see "*Business overview – Intellectual property rights*"). The Company's software solutions can be integrated through an open interface into other systems in a laboratory, which is especially important for making the software solutions a seamless part of the customer's other daily workflow.

The Company has already commercialised a software platform, including a training interface for AI models (Aiforia Create) for the medical research and development market and for teaching and educational purposes (preclinical market), and has brought to market its first software solutions for clinical diagnostics as well. For clinical diagnostics, the Company has an existing CE-IVD marked Aiforia Clinical viewer and CE-IVD marked AI models (for quantifying the Ki67 biomarker and the PD-L1 biomarker) intended for diagnosing breast cancer and lung cancer. By utilising its proprietary versatile training interface for AI, the Company believes that it will have the capability to introduce several diagnosis-specific AI models to the market in the near future and thus address growing demand among its customers. The partnerships the Company has entered into with clinical laboratories and its connections with biobanks give it access to sample material that is utilised in training AI models.

In the preclinical research segment, the Company has succeeded in acquiring several renowned pharmaceutical companies and medical research institutes as customers, and these have used the Company's software and AI models for research on, for example, colorectal, lung and breast cancer, Alzheimer's disease, Parkinson's disease and inflammatory bowel diseases. The software solutions developed by Aiforia have been referenced in numerous scientific articles since 2014. The references deal with, among other things, the use of the preclinical software solution offered by Aiforia and AI models created with it as part of medical research.

In its operations, the Company complies with a certified quality management system for medical devices (ISO 13485), which means it also has the capability to develop software solutions for clinical diagnostics. In addition, the Company has a certified data security management system (ISO 27001).

Versatility of the software solutions and their adaptability according to customer needs

The Company believes that one of the significant strengths of its software solutions is their versatility, as the software solutions it develops enable AI models based on deep neural networks to be quickly and easily trained for various applications. The software solutions are designed for gigantic image files, such as large images of tissue and cell samples in pathology, although the software is also suitable for use with a wide range of various image files. The Company's software solutions support a wide variety of different image formats and various stains and multi-channel images generated with microscope scanners. Aiforia's software solutions are also intended to enable convenient training of AI models in complex pathology tissue sample analyses, enabling partial automation of various image analysis tasks and the use of numerical information as an aid in diagnostics. With Aiforia's software solutions, an expert can train AI models to identify features, figures or structures in images by showing them examples of analysed objects.

The Company's software solutions include a diverse range of various functionalities for identifying and classifying objects in tissue images. These include object detection, semantic segmentation and instance segmentation, which support simultaneous identification of several object categories, enabling effective identification and counting of very diverse objects. In addition, the software solutions include versatile opportunities to calculate, for example, distances, areas and size distributions, and to identify continuous values, such as stain intensity, using a regression model. Thanks to these features, the Company's software solutions can be used to detect, calculate and measure very different characteristics and objects in image material, which has expanded the potential applications of the software solutions. The Company estimates that there are no similar software solutions on the market that would include equally versatile solutions based on neural network technology for automating various image analysis tasks for large images. Moreover, the way in which experts are harnessed to provide the truth to the neural network, i.e. to train them for the objects studied, train the AI models and also, if necessary, to adjust previously trained AI models in a desired way, differentiates the Company's software solutions in its opinion from those of other players in the industry.

The technology Aiforia uses in image analytics is based on deep neural networks and supervised learning, which takes place based on pixel-level image annotations. Due to the technology chosen and the training interface developed by Aiforia for AI models, adapting the AI models created with Aiforia's software solutions for various conditions and customer needs is not only possible, but smooth, and it normally does not require a particularly large volume of example images. This feature is particularly important in the Company's current industry, where biological samples may be studied in very disparate conditions. For example, the ways samples are handled, their staining techniques and digitisation equipment (microscope scanners) may vary over time and from one laboratory to another. For this reason, the quality of the analysed image material may vary, which is why it is important that an AI model that has been created can be retrained as conditions or other needs change. With the user interface for Aiforia's software solutions, the users can personally adjust the AI models by adding to the learning material new examples of objects to be studied, as well as supervise the functionality and quality of the AI models they use, which gives them flexibility for various changes occurring at the laboratory or in the handling of samples. Such continuous improvement and quality control of the AI models is extremely important for clinical laboratories, in the Company's view. The adjustment of the AI models in Aiforia's software solutions takes place in the same training interface through which the AI models are trained, and it similarly generates revenue in the form of calculation capacity used.

In the view of Aiforia's management, the creation of AI models by the user or as a service and the adaptation of ready AI models to the customer's needs either as a service or by the customer forms a competitive advantage for the Company. Aiforia's management estimates that the majority of its competitors offer AI models exclusively as locked versions, which cannot be edited by the customer. Furthermore, there are still legacy image analysis algorithms on the market that are based on detecting certain pre-defined parameters, such as staining intensity, using coded algorithms, and they cannot be adapted by the user (the medical expert) to meet changing needs, such as changes in image quality due to the use of different scanners or staining reagents. A software developer is always needed to apply changes in these cases which, in the view of Aiforia's management, takes more time than training using deep learning with new image examples. For these reasons, the possible applications and reliability of the algorithms used in traditional machine vision not based on neural networks for analysing biological samples have been limited.

Aiforia estimates that its software solutions can be integrated into other software used by customers, including patient data systems, laboratory information systems, image management software or software managing a pathologist's workflow. The integration takes place through Aiforia's open interface. In preclinical research, comprehensive integration is not often necessary, as the sample images are typically uploaded to Aiforia's cloud service manually and processed there. In the clinical diagnostics workflow, Aiforia's software solutions must practically always be integrated into the laboratory systems. Aiforia offers its experts to assist laboratories in the integration of its software solutions.

Cloud-based platform for managing, sharing and analysing large image files

Since its founding, the Company has developed its software solutions directly in a cloud service environment and with a browser-based interface. This has been a strength and a significant differentiating factor for Aiforia, as the majority of operators in the industry continue to offer their software using the traditional locally installed licenced software model. In the Company's main segment, tissue sample image analytics, the cloud service offers many advantages for managing large image material, as storage and calculation capacity can be increased practically infinitely in the cloud service and the software users do not have to invest in local device/server capacity, the servicing and maintenance costs of which can be significant. In addition, the sharing of image data between members of a group, different research teams and, for example, students, is feasible and smooth in the cloud service. In Aiforia's SaaS (Software as a Service) business model, the preclinical research customers, such as research teams or pharmaceutical development companies, are given designated protected accounts in the Company's cloud service-based software solutions, for which they pay an annual fee. In addition, the customers pay for the storage capacity they need as well as for the calculation capacity used for training AI models and conducting image analysis according to how much they use them (for more information on the business model, see "– *Software solutions and services*"). The Company estimates that the clinical diagnostics customer relationships differ from those in preclinical research in that the Company's software solutions will also be offered as an installation in a cloud service environment administered by the customer or a third party of their choice. In these cases, the Company will not incur any expenses from offering cloud service resources, as the customer will pay for the costs of the cloud service.

In the management's view, the Company is the only operator in the market that offers an interface for training AI models and analysing large image files using the cloud service model. From the customer's perspective, this means a software solution that is easy and quick to adopt and that always comes in the newest version of the software solution offered by the Company. The user does not need to download the software to their own computer, as the only requirements for using the Company's software solution are a browser and an internet connection. For the Company, the cloud service model offers a benefit in that supporting and assisting customers through the cloud service is easy and it reduces the need for local support personnel in different geographical regions. The customers benefit from being able to receive quick assistance and support from the Company's personnel through a remote connection.

The Company uses a cloud service provided by an external service provider in its business, due to which the Company does not face significant needs to invest in its own servers or other equipment or in their maintenance. The costs charged by the external provider of the cloud service based on capacity used include some of these costs indirectly, but in the Company's view, the external provider is able to offer the solution more cost-efficiently due to economies of scale, as well as providing the most up-to-date equipment infrastructure. In addition, as a customer of a major global cloud service provider, the Company is able to offer smooth connections to its software solutions across geographical regions. The location where the customer's image data are stored is managed so that the data is kept within certain geographical regions.

Scalable business model

The Company's revenue is mostly generated from annual fees received for the right to use software, as well as charges for storage and calculation capacity based on volume used. In addition, the Company offers expert services for the development of AI models. The AI models are based on a software platform where images are managed and AI models are trained that is the same for all customers, regardless of customer segment or application, which means the same software platform can be easily offered to different customers, enabling scalability. The same platform can be used to create several AI models for various purposes. For viewing and reporting results, the Company offers various user interfaces for customers in the preclinical and clinical segments.

For customers in preclinical research and product development, the software solution is offered mainly using the SaaS model, enabling scalability, as the same software version is used by all customers and its deployment is easy via a web browser. The Company is able to create a new customer account in minutes, after which the customer is able to log into the account with their own user ID and start using the software solution. Customer relationships in the preclinical segment do not require separate investments in a local support organisation, as they can be supported quickly and easily using a remote connection.

In addition to the SaaS model, the Company plans to offer clinical diagnostics customers a business model where Aiforia's software solutions are installed in the software environment or cloud service used by the customer. In such cases, the Company will not be responsible for the costs of server capacity as they will be borne by the customer, and the customer will pay the company for the software licence the extent of which is determined by annual consumption, largely the number of images analysed.

The development of ready AI models results in front-loaded development costs, but once developed, an AI model can be sold to several customers. By utilising the versatile training interface for AI models already developed, the Company has the capability to introduce numerous diagnosis-specific AI models to the market in the near future and thus address growing demand among its customers.

The Company's business model based on volume used enables the business to be rapidly scaled up within the same customer relationship without new customer acquisition costs. Customers can analyse more images using the same AI model and buy new diagnosis-specific AI models or develop ones for new applications themselves. It is typical in the Company's industry, both in the preclinical and the clinical segments, for the customers to need several different AI models for multiple purposes during the customer relationship.

The Company's software solutions are offered to customers primarily through a cloud service. The cloud service capacity can be scaled according to customer demand. The external cloud service provider invoices the Company for the capacity used by the customer, but some of the cloud service costs are fixed and they do not grow linearly with the increase in the number of customers and analysed samples. In addition, Aiforia estimates that volume growth may decrease the cloud service provider's unit prices for the Company in the future.

High-level competence of the management and personnel particularly in pathology and artificial intelligence

Aiforia's management and personnel have extensive experience in the development of AI and software solutions, pathology, medical research and working in international business management positions. The scientific and technological know-how of the Company's personnel support product development. The Company's management believes that the prior experience of the AI and software developers in manufacturing sector companies and the development of production systems, in particular, will enhance the development of new products in a way that accounts for their reliability already at the design stage.

The Company's personnel are highly educated in various scientific fields. The personnel's competence and understanding of the customers' needs has played a major role in the conceptualisation and product development stage as well as in supporting customers in using the software and in the service operations provided by the Company. For this, the Company has received positive customer feedback, with the net promoter score measuring customer satisfaction exceeding 70%.[8] The scientific know-how of the Company's personnel and their knowledge of customer needs have been a significant competitive advantage for the Company. The Company is also actively involved in industry organisations and associations and is thus able to follow and influence developments in its industry.

Although the Company is just moving from the product development stage to a wider commercialisation stage, its business is already international in terms of revenue, distribution channels and location of personnel. According to the Company's management, the business has been developed with an international approach since the Company was founded. The members of the Company's Board of Directors and the advisors also possess experience in international business operations in the industry, the needs of the preclinical and the clinical market, the listing of growth companies and working on the boards of listed companies.

Aiforia's business objectives

This section contains forward-looking statements that involve risks and uncertainties. Aiforia's actual results may differ significantly from the results presented in the forward-looking statements due to factors that are discussed in other parts of this Offering Circular, in particular "Risk factors", "Certain additional information – Forward-looking statements" and "Operating and financial review – Key factors affecting the results of operations". All of the business objectives stated in this section are targets and therefore should not be considered forecasts, estimates or calculations concerning the Company's future financial position.

The Company's Board of Directors has approved the following business objectives. Short term refers to the Company's business objectives over the next approximately two years. Medium term refers to the Company's business objectives over the next approximately seven years following the short term.

The Company's short-term business objectives are:

- obtain a CE-IVD marking for six AI models intended for clinical diagnostics;
- acquire five customers in clinical diagnostics;
- acquire ten large customers in the pharmaceutical industry; and
- reach more than 5,000 users.

The Company's medium-term business objectives are:

- create a product offering that covers 80% of the pathologist's diagnosing workflow;
- achieve a positive net cash flow from operating activities by the end of 2025;
- achieve revenue of more than EUR 100 million;
- reach 20,000 users; and
- achieve 50 key customer relationships that would generate an annual recurring revenue of EUR 250,000 per customer on average.

Aiforia's strategy

The Company aims to be the global leader in AI-assisted tissue sample analytics. It aims to offer AI solutions that improve the accuracy, efficiency and replicability of tissue sample analytics so that the patient can be offered faster, better and more individualised care. The benefit to the patients may come from more accurate and efficient diagnostics as well as from intensified pharmaceutical development and medical research.

The Company aims to be a pioneer in the image analysis technology it offers and to have a product offering that is customer-oriented and comprehensive compared to other operators. To achieve this objective, the Company emphasises continuous product development in its strategy.

The Company's strategy is to focus on software solutions intended for both preclinical research and clinical diagnostics. The Company's strategy has been to first develop a versatile software solution for creating and training AI models quickly and efficiently and for using them especially in analysing very large image files. During the initial stage, the Company has commercialised a software solution for the preclinical market, which was the first to open up with regard to the digitalisation of tissue samples. In the preclinical market business, the Company has demonstrated the reliability and usability of its software solutions and AI models through various applications and scientific publications by several customers before launching wide-scale commercialisation among clinical diagnostics customers.

At the second stage, the Company's strategy is to utilise the efficient AI model training interface it has developed by creating a comprehensive selection of validated AI models intended for clinical use and viewers optimised for them that are used

[8] The net promoter score is based on a survey commissioned by the Company targeted at the users of the Aiforia Create software solution.

in several different diagnostic applications. According to the Company's view, the clinical diagnostics market is opening up and the Company is therefore planning to accelerate its product development and the commercialisation of software solutions intended for clinical diagnostics in order to be among the first to introduce a comprehensive offering of AI solutions to clinical tissue sample diagnostics.

The Company sees significant potential in the preclinical research and the clinical diagnostics segments and will therefore continue to invest in both in the future. The Company intends to expand its product offering by introducing several ready AI models to the market for both preclinical and clinical uses. In addition, the Company aims to expand the properties of its software solutions with regard to image management, to support pathologists more comprehensively in managing their daily workflow and to introduce to the market new types of AI models that are able to assist the pathologist and the treating doctor in identifying patients that are most likely to benefit from a certain treatment. The Company's intention is to also offer broader and more versatile solutions for pharmaceutical industry applications, including solutions in accordance with good laboratory practice (GLP)[9] potentially complied by the clients in the pharmaceutical industry.

In its market entry strategy, the Company focuses on direct sales by its own sales organisation and sales through regional distributors. The direct sales organisation focuses on the largest customer relationships through designated key customer relationship managers and scientific experts supporting them. With its own sales organisation, the Company aims for close and long-term customer relationships, seeking partners for product development. The customer relationship development strategy initially aims at entering into cooperation with an individual department or business location potentially through individual applications, and subsequently growing the customer relationship so that covers new applications and/or business locations across the world. The Company's target is to be able to gradually cover an increasing share of pathologists' daily diagnostic workflow. The Company aims to strengthen its own sales organisation especially in Western Europe and North America.

In addition to direct sales, the Company's strategy is to use regional distributors as a global sales channel. With the help of the regional distributors, the Company aims to utilise their existing customer network and local market knowledge to grow its business. The Company has already entered into a distribution agreement with Epredia and will invest in supporting this channel in the near future. In accordance with the distribution agreement, Epredia will be acting as a distributor of Aiforia's software solutions for both preclinical use and clinical diagnostics (for more information, see "*Sales and customers – Sales channels and distribution network*"). In addition to the regional distributors, the Company's technology may be offered as a part of third-party solutions. As at the date of this Offering Circular, the number of such technological partnerships was still limited, but the Company aims to increase their number in the medium term. Furthermore, the Company intends to invest in sales and marketing cooperation with other players in the industry, including manufacturers of microscope scanners and providers of laboratory data systems and image management software.

The Company's strategic focus is initially on pathology tissue sample analytics, but the Company estimates that in the future opportunities will arise for expanding the business into the analytics of other medical images, as well as applications in other industries. The Company's aim in the future is also to map out opportunities to complement its software sales by offering a diagnostic service, where the Company could offer the diagnosis and report of a pathologist as a service to parties that treat patients or, alternatively, to offer software solutions to companies offering a similar service to their customers.

According to the Company's estimate, the primary challenge in implementing the planned strategy will be whether the Company will succeed in offering software solutions for both preclinical research and clinical diagnostics and serving customers in both customer segments in accordance with its strategy. Ultimately, the Company has limited resources at its disposal, which may lead to challenges when serving more than one customer segment and may potentially impact the full implementation of the strategy. In addition, building and maintaining a broader product offering will require greater contributions from the Company in research and development as well as more resources in business support. For information on the risks related to the execution of the Company's strategy, see also section "*Risk factors – Risks related to Aiforia's business operations*".

Software solutions and services

General

Aiforia's business model is based both on the sales of Aiforia Create for preclinical research and the sales of Aiforia Clinical for clinical diagnostics. Aiforia Create is mainly offered to pharmaceutical companies and customers carrying out academic

[9] Good Laboratory Practice (GLP) is a quality system that must be complied with in non-clinical studies which are intended to be submitted to a national registration authority with the purpose of registering or licensing of chemicals, medicinal products, pesticides, food additives, feed additives or cosmetic products.

research for supporting their research activities. In turn, the Aiforia Clinical software is offered to players in clinical diagnostics, such as healthcare companies, laboratories and hospitals.

Aiforia's image analysis software utilising AI models is designed to assist experts in image analysis tasks and enable the automation of screening studies and certain recurring and time-consuming tasks. In addition, Aiforia's artificial intelligence models can help an expert to analyse, for example, the severity of cancer based on tissue traits of cancers of different degrees. Aiforia estimates that the Company's image analysis utilising AI offers significant benefits particularly in the analysis of samples in pathology, which is strongly based on visual findings. In conventional analysis in pathology, individual pathology tissue samples are analysed visually typically with the help of a microscope by, for example, estimating the number of certain types of cells or the size of a tumour in the sample. Due to the nature of this analysis method, which is based on visual observation, the analysis of pathology samples is relatively slow and laborious and closely linked to the laboratory work carried out by the pathologist. Aiforia estimates that interpretation differences between pathologists may also exist in the outcome of such analysis.

Aiforia's software solutions aim to improve the efficiency of the analysis of image samples digitised by microscope scanners, improve the quality of the analysis carried out by pathologists and assist pathologists in finding new tissue features or their combinations from image samples, which may also enable the development of new diagnostic tests. As such, Aiforia's software solutions aim to improve the efficiency and accuracy of analysing tissue samples, which in turn would enable faster treatment of patients, provide help in choosing the treatments and improve the results of the treatments. Due to these factors, among others, Aiforia has focused in its product development particularly on the development of software solutions used in research on tissue samples (see also "*Business overview – Aiforia's strengths" and "Market and industry review – Market trends*".

Preclinical research and clinical diagnostics

Aiforia's offering is divided into the sales of software solutions and services for preclinical research and the sales of software solutions and services for clinical diagnostics. Preclinical research refers to medical research or, for example, drug development. Clinical diagnostics refer to the analysis of patient samples for detecting health issues, among other things.

Aiforia Cloud is the cloud-based platform and the foundation of all of Aiforia's software solutions introduced to the market for managing large image files, sharing images and conducting visual analysis of them. With Aiforia Cloud, it is possible to process large image files produced with most microscope scanners, the use and storage of which requires a significant amount of storage capacity. The technology based on Aiforia Cloud's services makes Aiforia's software solutions scalable and enables simultaneously serving several customers located across the world.

Preclinical research

Aiforia offers its Aiforia Create software solution to its customers for preclinical research on the basis of account-based licenses acquired by them. While using software solutions for preclinical research, the customers pay both annual and usage-based fee.

Customers who use Aiforia Create can use the software solution to create their own AI models, which they utilise in their own research. The creation of the AI models does not require programming or coding work or skills from the customer, and if necessary, Aiforia provides support for creating AI models and integrating the software solutions into the customer's information systems.

The purpose of the Aiforia Create software solution is to offer experts an easy-to-use interface to create new AI models that allow experts to automate manual work stages related to the analysis of samples in pathology, standardise analysis and make it easier to find hard-to-detect items in the samples accurately and repeatedly. With Aiforia Create, it is possible to create and utilise AI models in the analysis of samples, and as such, Aiforia Create speeds up image analysis and improves its accuracy as compared to conventional methods based on visual findings.

Teaching AI models using the Aiforia Create software solution is an iterative process in which an expert marks traits or targets in parts of an image at a pixel level that neural networks should learn to recognize. After teaching the neural network, the expert checks what the neural network has learned, after which the expert, if necessary, continues to teach the traits that the neural network does not yet recognize. At the end of the process, the functionality of the neural network is explored with new footage that was not used to teach the neural network. Based on the results of this study on the functionality of the neural network, an AI model can either be introduced in the analysis of new images or it can be continued to be taught further.

Aiforia also estimates that Aiforia Create enables recognition of new tissue features or their combinations in the samples, which may also make it possible to develop new diagnostic tests and increase the understanding of researchers on various medical conditions. AI models created by Aiforia Create for research purposes do not require separate approval or a conformity assessment, as they are not used for analysing patient samples. If a customer uses Aiforia Create for creating an AI model for clinical diagnostics, the customer itself is responsible for the conformity assessment of the relevant AI model.

Aiforia Create has helped customers to create over 400 AI models as a part of their preclinical research and in co-operation with pharmaceutical companies and other entities carrying out academic research. These AI models can be used for several purposes, and due to this, Aiforia considers software solutions suitable for preclinical research to have a wide application area. Aiforia Create has helped to create, for example, AI models for research on colorectal cancer, lung cancer and breast cancer, Alzheimer's and Parkinson's disease, liver disease, inflammatory bowel disease and malaria.

In addition, Aiforia offers the Aiforia Hub software solution to the customers involved with preclinical research. Aiforia Hub is a learning platform for studying pathology and anatomy, which enables, for example, teaching several users at the same time to examine and analyse tissue samples in pathology.

Clinical diagnostics

Aiforia intends to offer the Aiforia Clinical software solution to customers in clinical diagnostics. As at the date of this Offering Circular, Aiforia's software solutions for clinical diagnostics are used only by a limited number of test customers. As in the case of preclinical software solutions, users of the Aiforia Clinical software solution acquire an account-based licence for the software solution. Users of the Aiforia Clinical software solution are intended to pay for using the software solution both an annual fee and a fee based on the amount of use and selected AI models. Aiforia Clinical software solution may also be made available to the customers by integrating and installing the software solution directly to, for example, the cloud service used by the customer. Unlike with preclinical software solutions, the customer is required to select for the Aiforia Clinical software solution the diagnosis-specific AI models created by Aiforia which the customer wants to use in clinical diagnostics. The selected AI models are activated for use by the customer as a part of the customer order, and their customer-specific functioning is verified before deployment. The customers can also develop their own AI models together with Aiforia (Custom AI Services) or on their own (Aiforia Create). In the latter case, the customers may aim to demonstrate the AI models and their conformity to their own laboratory tests.

Aiforia Clinical is designed for the needs of clinical diagnostics laboratories. As at the date of this Offering Circular, the Aiforia Clinical viewer is already CE-IVD marked, and the first two CE-IVD markings have been obtained for diagnosis-specific AI models offered through Aiforia Clinical. In the view of Aiforia, the markets for imaging services utilising AI targeted to clinical diagnostics are still emerging, and as at the date of this Offering Circular, Aiforia's software solutions for clinical diagnostics are used only by a limited number of test customers. Due to this, sales of software solutions and services for clinical diagnostics have not generated revenue for Aiforia as of yet. However, in the view of Aiforia, the clinical diagnostics customers represent a larger revenue potential than preclinical research customers, and Aiforia estimates that a significant part of Aiforia's future net sales will originate from customers in the field of clinical diagnostics.

AI models for clinical diagnostics

General

Aiforia intends to provide diagnosis-specific AI models developed by it for image analysis it to its customers, and to continuously develop new AI models. A diagnosis-specific AI model refers to a single AI model that is only applicable for carrying out a certain diagnosis or diagnoses. Due to this, the Company is required to create a separate AI model for the diagnosis of each disease, its characteristics or its stage of progression, for example. For each specific AI model, Aiforia must also assess its conformity and acquire the required regulatory permits or markings, if applicable. If the customers in clinical diagnostics adopt Aiforia's software solution, they have the possibility to independently or with the help of Aiforia modify diagnosis-specific AI models created by Aiforia in accordance with their own needs before commencing to use such model. If a customer modifies the diagnosis-specific AI model developed by Aiforia, the customer may be required to comply with the responsibilities imposed on the manufacturer in defined situations under Regulation ((EU) 2017/746) of the European Parliament and of the Council on in vitro diagnostic medical devices, "**IVDR**").

The creation of AI models typically follows a three-phase process. In the first phase, Aiforia creates a new AI model. During the creation of the AI model, Aiforia specifies the functionalities required from the diagnosis-specific AI model. Furthermore, Aiforia needs to acquire a significant amount of tissue and cell samples with the help of, for example, its co-operation laboratories, biobanks or commercial actors, which are used for teaching the AI model. In the creation phase, pathologists and researchers train the AI model using approximately 50–200 samples. Aiforia estimates that the creation phase of an AI model typically takes approximately 1–2 months depending on the modelled diagnosis. However, the creation of diagnosis-specific AI models requires successful research and development results. For risks related to this, see "*Risk factors – Risks related to Aiforia's business operations – Aiforia's business is in the growth stage, and there can be no* *assurance of success in product development or commercialisation of new software solutions or that the business will become profitable*".

After the first phase, the AI model and its functionality must be verified. In this verification phase, the functionality of the AI model is aimed to be verified by analysing new samples which were not used in the training of the AI model, in conditions corresponding to a clinical laboratory. In the verification phase, Aiforia or a clinical laboratory acting as its co-operation partner analyses the samples with Aiforia's AI model and compares the accuracy and repeatability of the analyses with conventional visual analyses carried out by pathologists. The verification phase typically requires analyses made by approximately 3–5 pathologists with approximately 100–200 samples. According to Aiforia, the verification phase typically takes approximately 1–2 months depending on the modelled diagnosis. However, the verification phase does not include possible regulatory or other similar proceedings, as the verification phase only involves a comparison of the results produced by the AI model with the results from conventional methods used by pathologists.

After the verification phase, Aiforia carries out a conformity assessment required for commercial use of AI models, and for applicable parts, applies for regulatory approvals or statutory markings required for the AI models. This so-called certification phase typically requires that the Company itself, an independent institute or a governmental agency examines the results from the verification phase of the AI models created by Aiforia. For example, in the European Union the utilisation of AI models in clinical diagnostics requires a CE-IVD marking, which, as at the date of this Offering Circular is based on the conformity assessment carried out by the manufacturer itself. In the certification phase, Aiforia also strives to obtain possible regulatory approvals or statutory markings requited for commercial utilisation of AI models in other possible market areas. The duration of the certification phase depends on the modelled diagnosis and regulations applicable in each market area. The regulatory environment of diagnostics-specific AI models in described in more detail in section " – *Regulatory environment and standards in clinical diagnostics*" and risks related to regulation in "*Risk factors – Legal and regulatory risks*".

Aiforia estimates that the introduction of one AI model into commercial use typically takes approximately 3–6 months in total. After the creation of the AI model, the verification phase and the certification phase, Aiforia expects that it can sell the AI model to several customers and the AI models can be used in the operations of several customers of different types without new product development costs.

Diagnosis-specific AI models developed by the Company

Aiforia considers that it is important for the development of Aiforia's business that Aiforia is able to obtain the required CE-IVD and other approvals for its AI models. As at the date of this Offering Circular, the AI model for quantification of the Ki67 biomarker for breast cancer diagnostics and the AI model for quantification of the PD-L1 biomarker for lung cancer diagnostics created by Aiforia have been CE-IVD marked. In addition, Aiforia aims to obtain CE-IVD markings for its other new diagnosis-specific AI models in the upcoming years, such as an AI model for prostate cancer diagnostics.

Regulatory environment and standards in clinical diagnostics

The following is a description of the regulatory environment in which Aiforia operates and which can have a material effect on Aiforia's business. The purpose of the description is to provide investors with a general overview of the regulation the Company is subject to and the approvals, standards, approval processes and controls applicable to its software solutions for clinical diagnostics and it should not be considered exhaustive.

The development, production and sales environments of medical devices are subject to a significant amount of regulation. Aiforia intends to offer clinical diagnostic software solutions and services across the world. Aiforia's software solutions for clinical diagnostics must fulfil the statutory requirements set for software solutions in each country where they are sold.

The IVDR, which came into force on 26 May 2017, will be applicable in the European Union as of 26 May 2022. Once the transition period ends on 26 May 2022, the IVDR will replace Directive 98/79/EC of the European Parliament and of the Council on in vitro diagnostic medical devices. The European Commission has published a proposal on 14 October 2021 on amending the transition periods of the application of the IVDR pursuant to which the transition periods of the IVDR would be extended. Pursuant to the Commission's proposal, the length of the extension of the transition period will depend on the risk class applicable to the IVD device but the transition period would be extended to at least until May 2025.

Before the entry into force of the IVDR in the European Union Member States, including Finland, national laws and the Directive are applied in parallel. As opposed to the Directive, the IVDR, as a regulation, is directly applicable legislation and it will thus harmonise the legislation applied to medical devices across the European Union in more detail than before. Additionally, new national legislation supplementing the IVDR entered into force in Finland on 15 July 2021, taking into account the effects of the IVDR and the transition period (Act on Certain Medical Devices Specified in EU Directives, 629/2010), **"Medical Devices Act"**). It is possible that similar legislation will enter into force in certain other European Union Member States.

The IVDR will place stricter statutory requirements on Aiforia and may require certain changes in the Company's operations. For instance, the IVDR will change the risk classifications of medical devices intended for in vitro diagnostics ("**IVD Device**") and the role of notified bodies as well as introduce stricter requirements for clinical research evidence and conformity assessments and quality control.

The approval procedures related to introducing devices to the market vary from one region to another. Before an IVD Device can be introduced to the market, the device manufacturer must usually perform a conformity assessment or obtain approval for selling the device from the local supervisory authority. In connection with the conformity assessment or approval process, the device manufacturer must usually demonstrate that the product is safe and suited for its purpose and that it functions effectively in its intended use. With regard to the regulatory environment in the European Union, the following presentation is based on the approval procedures in accordance with the IVDR. For more information on risks related to regulatory approvals, supervision and the regulatory environment, see section "*Risk factors – Legal and regulatory risks*".

Introduction to the market in the European Union

The introduction to the market and sale of IVD Devices in the European Union requires that the devices are certified with a CE marking. The CE marking is used to certify that the device complies with the requirements set out for it in regulations and that it is ready to be introduced to the market.

The conformity of IVD Devices must be assessed before the manufacturer may certify a device with a CE marking. Attaching a CE marking to a device requires a declaration of conformity with which the manufacturer assures that the device fulfils all the requirements placed by applicable legislation. The declaration of conformity is prepared, depending on the device class, by either the manufacturer or the notified body.

First, IVD Devices are classified according to their planned application and their inherent risks. Every device class has specific essential requirements and a separate procedure for assessing conformity. Depending on the device class, the notified body may participate in the assessment of conformity. For instance, it may inspect the technical documents or some of them before the declaration of conformity (described below) can be signed. As part of the process of assessing conformity, the manufacturer of an IVD Device must have a quality control system in place, which is also inspected by the notified body if it participates in the assessment of conformity.

To assess conformity, the manufacturer of the device must prepare documents about the product, such as a software solution, that indicates that requirements are met and describes the measures that were taken to assess conformity. Once the device is CE marked, it is registered by submitting a notification concerning it to the competent authority in the Member State in which the device manufacturer is domiciled. In Finland, this authority is the Finnish Medicines Agency ("**Fimea**").

Regulation applied to product development and testing

In order to be able to prove that a medical device fulfils the requirements set for it in legislation, the device is subjected to performance tests. The purpose of the performance tests is to evaluate the device's safety and performance before it can be introduced to market. Performance tests aim to generate research evidence based on which a competent evaluation can be made of whether the device is safe and whether it achieves clinical benefits, i.e. positive effects on the patient's health. Performance testing is strictly regulated.

Under the IVDR (and the Medical Devices Act), a notification to the competent authority in the Member State must be made before performance testing can begin. In Finland, this authority is Fimea. Where the performance testing is carried out based on existing samples (such as samples from a biobank), a notification to the competent authority is not required.

The commencement of performance testing requires an opinion from an ethics committee. The purpose of the ethics committee is to maintain and protect the human dignity and rights of persons participating in research and to ensure their safety throughout their participation in clinical medical research. In Europe, informed consent must be obtained from any person (patient) participating in research. Such consent must be given voluntarily after the participant has received an explanation of all viewpoints related to the research that are material for the person's decision on whether to participate.

Supervision and other regulation applicable to the products

IVD Devices are also subject to supervision once they have been introduced to the market. According to the IVDR, a manufacturer must plan, establish, document and execute a supervision system for the device once it has been introduced to the market. The system must be maintained and kept up to date. The system must be suitable for active and systematic collection, recording and analysis of relevant data concerning the device's quality, performance and safety throughout its useful life, as well as for making the necessary conclusions and defining, executing and supervising potential preventive and corrective measures. Depending on the device's risk class, the IVDR also stipulates that the device manufacturer must also perform a regular safety review of the device, in which the data collected on the device are analysed and possible preventive and corrective measures are described. Under the IVDR, the manufacturer of devices must see to it that it has a procedure in place for ensuring that serial production of the devices conforms to the requirements of the Regulation.

Incident reports also play an important role in supervision after a device has been introduced to the market. In fact, reporting serious incidents can be considered one of the paramount obligations of a manufacturer of an IVD Device after it has been introduced to the market. The manufacturer must report to the competent authority situations that have led, or could have led, to a risk to human health. In the European Union, incident reports are made to the competent authority. Furthermore, under the IVDR, the competent authority has the right to perform conformity inspections concerning a device's properties and performance. These inspections may include inspections of documents, physical inspections and laboratory analyses. In Finland, the competent authority that performs these inspections is Fimea. Based on their inspections, the competent authorities may require corrective measures concerning the device if in the course of their assessment they find that the device poses an unacceptable risk to the health or safety of humans.

The introduction to the market in the United States

In vitro diagnostics products are, in principle, medical devices as defined in section 201 (h) of the Federal Food, Drug and Cosmetic Act. In the United States, the market approvals for medical devices are granted by the U.S. Food and Drug Administration ("**FDA**"). The process of granting a market approval in the United States includes three phases. These phases are classification of the medical device, pre-submission phase and submission of the actual application for market approval. Medical devices are classified into three categories (I, II and III) and the classification of the products is based on three factors. These factors are the risk caused to the patient/user, the intended use, and the indications. Class I devices are associated with the lowest and Class III devices with the highest risk.

Sales and customers

Sales channels and distribution network

As at the date of this Offering Circular, Aiforia's sales channels consist of direct sales by Aiforia's own sales organisation to the end customers, such as hospitals and laboratories, as well as sales through regional distributors, in which case the local distributor sells the software solution to the end customer. Currently, Aiforia's own sales organisation sells preclinical analysis software solutions to end customers across the world. As at the date of this Offering Circular, Aiforia employs personnel in its own sales organisation in Finland, the Netherlands, Switzerland, Spain, the United States and the United Kingdom. Furthermore, Aiforia has a local distributor in the Unites States (subsidiary Aiforia Inc.) and Japan, in addition to which Epredia acts as a distributor of Aiforia's software solutions in Japan, Germany, United Kingdom, Italy, Spain, Sweden, Norway, Denmark, Iceland, France and the United States. Aiforia intends to invest significant resources particularly in the development of its own sales organisation and sales support organisation and some of the proceeds collected in the Offering are intended to be used for strengthening the sales organisation (see also "*Essential information on the Offering – Use of proceeds*").

The Company estimates that co-operation partners could be used in the clinical diagnostics business in the future, such as scanner suppliers, manufacturers of medical devices and software companies in the form of technology partnerships. Under the technology partnership model, for example, the supplier of microscope scanners would enter into a partnership agreement with Aiforia, and Aiforia's software solutions would be included as part of a laboratory scanner product package sold to the end customer. Alternatively, under the technology partnership model, Aiforia could deliver the software solution it offers directly to the end customer through mediation by the partner. Microscope scanners are devices used for scanning and digitising samples in pathology. Samples scanned with such microscope scanners may be analysed after imaging using Aiforia's software solutions and AI models as an aid. According to the Company's estimate, Aiforia's software solutions can be used to analyse various types of two-dimensional images and Aiforia's software solutions support the most common scanner models and file formats.

Customers

Aiforia has customers using its preclinical software solutions all over the world, and as at the date of this Offering Circular, its software solutions have over 3,000 active users in over 50 countries and approximately 100 customer locations. The majority of Aiforia's customers are based in Europe (excluding Finland) and North America. For the financial year ended on 31 December 2020, Finland accounted for 26 percent, Europe (excluding Finland), the Middle East and Africa (EMEA), and Asia-Pacific (APAC) for 37 percent and North America for the remaining 37 percent of Aiforia's invoicing.[10] In addition to its head office in Finland, Aiforia has a subsidiary in the United States operating as a local sales office.

Based on Aiforia's business plan, Aiforia's main customer segments consist of two customer segments, which are preclinical research customers, such as academic institutions, research service companies and medical and biotechnology companies, and clinical diagnostics customers, such as clinical laboratories, hospitals and healthcare companies. As at the date of this Offering Circular, Aiforia offers its software solutions and services to players in both the public and private sector. Aiforia's customers include large medical industry companies, hospitals and research institutions, biotechnology sector companies and academic institutions, such as universities. In 2020, all of Aiforia's revenue accrued from customers in the field of preclinical research.

The Company has an established customer base in preclinical research and several research customers across the world. Preclinical research has given Aiforia access to samples for developing AI models as well as provided Aiforia with scientific publications on its software solutions, and thus through preclinical research, Aiforia has aimed to demonstrate the effectiveness of its service concept and to promote product development.

As at the date of this Offering Circular, Aiforia has expanded its offering to customers in the clinical diagnostics sector as well. The Company has already entered into the first partnerships with clinical laboratories. Aiforia intends to offer AI models intended for clinical diagnostics customers as well as the Custom AI Services and the Aiforia Create platform for the performance of customised tests.

Examples of Aiforia's customers

Massachusetts Institute of Technology

The work stages related to cancer research at the Massachusetts Institute of Technology ("**MIT**") have become more efficient since MIT began its cooperation with Aiforia. Aiforia's software solutions have reduced the time it takes to analyse samples at Professor Tyler Jacks' laboratory at MIT, and Aiforia's software solutions have become a regular part of the working methods used at this MIT laboratory.

Charles River Laboratories

Pathologists at Charles River Laboratories use Aiforia's software solutions to automate their preclinical analyses across the world. Aiforia's software solutions that are based on cloud services enable working and collaboration using remote connections, in addition to which their introduction at Charles River Laboratories has, in Aiforia's view, increased efficiency in the work.

Sanofi

Aiforia's deep learning AI models have increased the efficiency of Sanofi's studies into Parkinson's disease. The artificial intelligence model created by Aiforia was modified and optimised for Sanofi's purposes using Sanofi's research data. Thanks to the modification and optimisation, the artificial intelligence model used by Sanofi has, according to Aiforia's estimate, been nearly as accurate as a pathologist, enabling the automation of cell counts.

Mayo Clinic

Aiforia has signed a master agreement with the US based Mayo Clinic in November 2021. The master agreement encompasses the sale of software solutions intended for both preclinical research and clinical diagnostics to Mayo Clinic. Mayo Clinic is a US based nonprofit academic organisation providing medical research and hospital services. Mayo Clinic intends to bring numerous AI models to use in their diagnostic workflows during 2022 with the first such AI model being the model intended for diagnosing breast cancer through the quantification of the Ki67 biomarker. As regards pre-clinical research, Mayo Clinic intends for Aiforia Create to be used by several dozen of its pathologists and scientists to enable them to develop new AI models for Mayo Clinic.

Other customers and users

In addition to the aforementioned customers, customers using Aiforia's software solutions include Boehringer Ingelheim Finland Ky, Bristol-Myers Squibb Company, Karolinska institutet, Orion Pharma, Oy H. Lundbeck Ab, University of Helsinki

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[10] Information on the geographical distribution of invoicing has not been audited and it contains certain assumptions made by the management. Therefore, this information is only considered to approximate the geographical distribution, and it may not be directly comparable with Aiforia's information reported in accordance with the FAS. See also section "*Business overview – General*".

and University of Turku. In addition, Aiforia's software solutions are used by the Hospital District of Helsinki and Uusimaa and Pathan BV.

Research and development

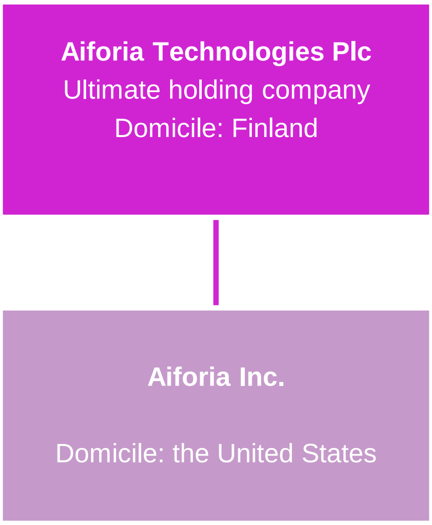
To maintain its competitiveness, Aiforia must continuously carry out product development, especially with regard to the software solutions and AI models intended for clinical diagnostics. Aiforia has also historically invested a significant amount of resources in product development, as a result of which it already possesses commercialised software solutions. Long-term business development and growth in the medical devices market, however, entails continuous and active product development. The primary aim of Aiforia's product development is to develop its existing software solutions so that their applications become more diverse. As a part of the long-term aim in product development Aiforia evaluates opportunities to expand the applications of Aiforia's image analysis services from the analysis of samples in pathology into the analytics of medical images as well as for the applications of other industrial sectors other samples as well. Increasing the number of applications does not, in principle, require as large a financial investment as the development of wholly new software solutions, as the former can be achieved by expanding the range of use of the existing software.

Aiforia aims to conclude new co-operation agreements with, among others, biobanks and clinical diagnostics laboratories in order to support product development activities. Aiforia intends to conclude agreements with such actors whereby Aiforia would receive an access to tissue samples or samples used in the creation and teaching of new AI models.

Group structure

The Aiforia Group consists of the parent company Aiforia Technologies Plc together with its wholly owned subsidiary Aiforia Inc. The chart below presents Aiforia's group structure.

Group structure



Personnel and organisation

Aiforia's personnel play a key role in the development of Aiforia's software solutions and services and in the development of the business operations. Aiforia's personnel includes pathologists, researchers, application developers, AI experts, and sales and marketing personnel, all of whom must possess versatile and high-quality competence due to the nature of the software solutions and services offered by Aiforia. As at the date of this Offering Circular, approximately 25 per cent of Aiforia's personnel have a doctoral degree. As is typical for a growth company, Aiforia intends to increase its personnel resources in the near future to enable the growth of its business.

The table below presents the average number of personnel (converted to full-time employment) at Aiforia for the periods indicated

	1 January–30 June		1 January–31 December		
	2021	2020	2020	2019	2018
Number of personnel.................................	33	25	26	22	16

After 30 June 2021 Aiforia has hired several new employees and at the date of this Offering Circular the number of Aiforia's personnel is approximately 50 persons in addition to which Aiforia has rented developers and external pathologist.

As at the date of this Offering Circular, in addition to the personnel in Finland, Aiforia has one manager in Spain, one employee in the United Kingdom, one employee in the Netherlands, 2 employees in Switzerland and 4 employees in the United States.

Advisory Board

In addition to the Company's Management Team and Board, the Company has an Advisory Board with professionals, for example, in pathology and diagnostics as its members. The members of the Advisory Board offer their expertise to the Company, but they are not employed by the Company. The members of the Advisory Board are remunerated for their contribution. As at the date of this Offering Circular, the members of Aiforia's Advisory Board are as follows:

Professor Jonathan Knowles. Professor Knowles is a visiting professor of Translational Medicine at the University of Oxford and a visiting professor of personalised medicine at the Institute for Molecular Medicine Finland. Previously, he served as the head of Group Research and a member of the Executive Committee at Roche.

MD, Ph.D. Marilyn M. Bui. Dr. Bui is a professor of pathology and scientific director of the Analytic Microscopy Core unit at Moffitt Cancer Center, as well as chair of the publication committee at the College of American Pathologists. She also serves as Vice President of the Florida Society of Pathologists, and previously she also served as President of the Digital Pathology Association.

MD, Ph.D. Yukago Yagi. Dr. Yagi is Director of Pathology Digital Imaging at Memorial Sloan Kettering Cancer Center (MSKCC) in New York. Previously, she has held esteemed positions at the University of Pittsburgh Medical Center, Harvard Medical School and MGH Institute of Health Professions.

Professor Anant Madabhushi. Professor Madabhushi is a professor of biomedical engineering at Case Western Reserve University in the United States, as well as director of the Center for Computational Imaging and Personalized Diagnostics. In addition, he holds secondary positions in several other institutions.

Business advisor Timo Soininen. Soininen is a digital marketing professional and an active growth company investor. Soininen is the chairman of the board at Nightingale Health Plc and Spinnova Plc. Soininen is also one of the founders of Small Giant Games Ltd, and previously, he was also the CEO of Small Giant Games Ltd.

Intellectual property rights

Aiforia's intellectual property rights include a patent, trademarks, domains and unregistered intellectual property rights, such as knowhow and trade secrets.

As at the date of this Offering Circular, Aiforia has one patent in force regarding utilisation of interactive machine learning in pathology image analysis. The patent has been granted in United States. In addition to this Aiforia has pending patent applications, including a patent application submitted together with Actim Oy regarding the system and method for analysing a point of care test result. The adequacy of the patent protection is reviewed continuously, and new potential patent applications will be submitted if they are considered to provide strategically valuable protection for Aiforia's innovations.

Aiforia's commercial success depends in part on its ability to obtain and maintain intellectual property rights related to its software solutions. The Company strives to protect its present and future intellectual property rights actively.

For more information on risks related to intellectual property rights, see section "*Risk factors – Risks related to Aiforia's information systems and intellectual property rights*".

IT

Aiforia's most important information systems are related to software solutions provided to the customers, customer management, product development and invoicing. The use of the software solutions provided to the customers strongly relies on cloud services. The Company acquires the cloud services required for the provision of its software services from an external service provider (Microsoft Azure), and due to this, Aiforia's business depends on cloud services provided by the external service provider and their operation. Aiforia estimates that acquiring cloud services from an external service provider enables low hardware expenses and the large storage capacity required to satisfy customer needs.

Aiforia's IT systems have been acquired from well-known suppliers and Aiforia continuously invests in the development and efficient maintenance of the information systems. In addition, Aiforia's information security management system is certified to ISO 27001. The requirements of the ISO 27001 standard are aimed at safeguarding the confidentiality, integrity and availability of information through processes, risk management and risk management methods.

Material agreements outside the ordinary course of business

During its operating history, Aiforia has not entered into agreements outside the ordinary course of its business which would result in significant obligations or rights for Aiforia as at the date of this Offering Circular.

Material investments

The most significant part of Aiforia's investments comprise investments in the product development and commercialisation of new software solutions.

Aiforia's investments in tangible and intangible assets amounted to EUR 1,376 thousand for the six-month period ended 30 June 2021 and EUR 354 thousand for the six-month period ended 30 June 2020. Aiforia's investments in tangible and intangible assets amounted to EUR 816 thousand for the financial year ended 31 December 2020, EUR 1,580 thousand for the financial year ended 31 December 2019 and EUR 1,158 thousand for the financial year ended 31 December 2018.

Aiforia has not made any material investments or made any resolutions on material investments in tangible or intangible assets[11] between 30 June 2021 and the date of this Offering Circular, excluding customary product development investments. Aiforia aims to continue the planned product development investments enabling the development of its business also in the future in accordance with its strategy.

Aiforia finances its customary product development investments during the financial year ending on 31 December 2021 with its cash resources, loan financing and product development grants.

Insurance

Aiforia maintains insurance coverage against various risks faced in its business. Aiforia's insurances include voluntary and mandatory insurances satisfying international and/or contractual requirements for insurances. Aiforia's insurance policies cover, among other things, property damage, business interruption, product liability related to Aiforia's software solutions and liability of the management and officers with certain exceptions.

In the view of Aiforia's management, the Company's insurance coverage is appropriate and corresponds to the market practices both for the insured amounts and the coverage of the insurance policies to the extent that the insurances cover the largest risks in Aiforia's business, taking into account the costs of insurance coverage and potential risks in the business.

Legal and arbitration proceedings

As at the date of this Offering Circular and over the period of the preceding 12 months, there have been no governmental, legal, arbitration or administrative proceedings against or affecting Aiforia or its subsidiary (and no such proceedings are pending or threatened of which Aiforia is aware) which have or may have had in the recent past, individually or in the aggregate, significant effects on the profitability or the financial position of Aiforia or of Aiforia and its subsidiary taken as a whole.

[11] Investments consist of increases in intangible and tangible assets on the balance sheet.

MARKET AND INDUSTRY REVIEW

Introduction

Aiforia offers image analysis software solutions utilising artificial intelligence for the field of pathology. The Company estimates that the field of pathology will experience a transformation in the near future due to digitalisation and further development of AI models.

The Company estimates that the pathology industry faces a growing need to introduce digital working methods in order to improve efficiency. The increase in digital working methods, such as the analysis of sample images on computers, enables the use of software solutions utilising AI models to a larger extent as part of the process of analysing tissue samples in pathology. Aiforia offers software solutions based on artificial intelligence that are utilised as part of tissue sample analytics.

The working methods currently used in pathology are still largely based on traditional methods, such as analysing individual tissue samples through visual observations made with a microscope. The Company estimates that the market is in a stage of transitioning towards wider use of digital methods, such as the use of AI models as part of the analysis of sample images. Due to this, the Company estimates that the market is currently still in the opening up stage.

Characteristics and background of the market

Images must be provided for analysis in a digital format if AI models are to be utilised in connection with analysing the tissue sample images. The estimated spread of scanners that convert samples into a digital format will enable the analysis of samples on a computer screen and utilising AI models to support the analysis.

The estimate of the Company's addressable market is based on a calculation that takes into account three factors: the number of analysed sample slides, the digitalisation rate of pathology laboratories and the cost of digital sample analysis.

The digitalisation rate is one of the factors influencing the size of the addressable market. Based on the number of annually analysed samples, the digitalisation rate can be used to estimate the percentage of pathology samples analysed in digital format. The digitalisation rate of pathology laboratories was estimated to be approximately 14% globally in 2020.[12] In the Company's view, the current fairly low digitalisation rate reflects the fact that the spread of digital working methods is still in the early stages in the industry.

To estimate the size of the market in 2020, six different scenarios (A–F in the table below) were used to estimate the number of samples analysed annually and fluctuations in the cost per sample. In scenarios B, C, E and F the market size is also influenced by the number of pathologists, which can be used to calculate an estimate of the number of samples analysed annually. According to the Company's estimate, one pathologist typically analyses approximately 12,000 pathology slides annually.[13] The management's estimate of the number of slides analysed per year is based on prior research[14] and the Company's understanding of the number of samples analysed by the Hospital District of Helsinki and Uusimaa relative to the number of pathologists[15].

Estimate of the size of the addressable market in 2020

The table below presents an estimate of the addressable market size in 2020 based on six different scenarios. The market size is estimated to be between EUR 860 million and EUR 2,060 million.

[12] Market Intellix and Maia Research: Global Microscope Slide Market Report 2021 (separately targeted version).

[13] What is the best indicator to determine anatomic pathology workload? Canadian experience. American Journal of clinical pathology. 2005;123(1):45-55. Maung RT and US Centers for Medicare & Medicaid Services.

[14] What is the best indicator to determine anatomic pathology workload? Canadian experience. American Journal of clinical pathology. 2005;123(1):45-55. Maung RT and US Centers for Medicare & Medicaid Services.

[15] The Company's understanding is that HUSLAB Helsinki analyses approximately 600,000 sample slides per year and uses 50 pathologists for analysing these slides.

Year 2020	Number of samples (A) (million)	Cost (B) (EUR / sample)	Digitalisation rate (C) (%)	Addressable market (A*B*C) (EUR million)
Scenario A..........................	1,400	5	14	980
Scenario B (management's estimate)	1,229	5	14	860
Scenario C	1,472	5	14	1,030
Scenario D	1,400	10	14	1,960
Scenario E (management's estimate)	1,229	10	14	1,721
Scenario F..........................	1,472	10	14	2,060

The cost per sample analysed is estimated to be EUR 5 in scenarios A, B and C and EUR 10 in scenarios D, E and F, based on the management's estimate. The estimate of the number of samples is the variable factor in scenarios that use the same cost per sample. The digitalisation rate is estimated to be 14% in all scenarios.[16]

Scenarios A and D assume the number of samples to be 1,400 million, based on an estimate of the number of samples in 2020 provided by a market research company.[17] The cost per sample analysed is estimated to be EUR 5 in scenario A[18] and EUR 10 in scenario D[19].

Scenarios B and E assume the number of samples to be 1,229 million, based on management's calculation and estimate of the number of samples in 2020. The management's estimate of the number of samples is based on the management's calculation of the global number of pathologists (estimated at around 102,000 pathologists), and each pathologist is assumed to analyse approximately 12,000 samples annually.[20] The cost per sample analysed is estimated to be EUR 5 in scenario B[21] and EUR 10 in scenario E[22].

Scenarios C and F assume the number of samples to be 1,472 million. The estimate of the number of samples is based on an estimate provided by a market research company of the global number of pathologists[23] (around 123,000 pathologists), and each pathologist is assumed to analyse 12,000 samples annually[24]. The cost per sample analysed is estimated to be EUR 5 in scenario C[25] and EUR 10 in scenario F[26].

Estimated growth of the market between 2020 and 2027

The table below presents an estimate of the addressable market size in 2027 based on two different scenarios. The market size is estimated to be between EUR 3,564 million and EUR 7,128 million.

[16] Market Intellix and Maia Research: Global Microscope Slide Market Report 2021 (separately targeted version).

[17] Market Intellix and Maia Research: Global Microscope Slide Market Report 2021 (separately targeted version).

[18] The management's estimate on the price.

[19] The management's estimate on the price.

[20] What is the best indicator to determine anatomic pathology workload? Canadian experience. American Journal of clinical pathology. 2005;123(1):45-55. Maung RT and US Centers for Medicare & Medicaid Services. In addition, the estimate was based on the Company's view that HUSLAB analyses approximately 600,000 sample slides per year and uses 50 pathologists for analysing these slides.

[21] The management's estimate on the price.

[22] The management's estimate on the price.

[23] Market Intellix and Maia Research: Global Microscope Slide Market Report 2021 (separately targeted version).

[24] What is the best indicator to determine anatomic pathology workload? Canadian experience. American Journal of clinical pathology. 2005;123(1):45-55. Maung RT ja US Centers for Medicare & Medicaid Services. In addition, the estimate is based on the Company's view that HUSLAB Helsinki analyses approximately 600,000 sample slides per year and uses approximately 50 pathologists for analysing these slides.

[25] The management's estimate on the cost.

[26] The management's estimate on the cost.

Estimate of the size of the addressable market in 2027

Year 2027	Number of samples (A) (million)	Cost (B) (EUR / sample)	Digitalisation rate (C) (%)	Addressable market (A*B*C) (EUR million)
Scenario G	1,980	5	36	3,564
Scenario H	1,980	10	36	7,128

Scenarios G and H assume the number of samples in 2027 to be around 1,980 million, based on an estimate presented by a market research company. [27] Both scenarios assume the digitalisation rate to be 36% in 2027. [28] The cost per sample analysed is estimated to be EUR 5 in scenario G[29] and EUR 10 in scenario H[30].

In addition, the management expects growing number of samples and increasing digitalisation rate of pathology laboratories to contribute towards growth in the addressable market in the future.

Market trends

Increase in digitalisation rate and digital pathology

A significant factor for the growth of digital pathology AI market is the digitalisation taking place in the industry, as the adoption of microscope scanners that convert sample images into digital formats is expected to become more widespread, enabling sample images to be analysed on computers. The digitalisation rate of pathology laboratories is estimated to have been about 14% in 2020. [31] The digitalisation rate is forecast to grow and estimated to reach 36% in 2027. [32]

The increase in the digitalisation rate and the proliferation of digital working methods will make it possible to offer software solutions utilising AI more comprehensively as part of the process of analysing tissue samples. As the digitalisation rate rises, it will also be possible to offer software solutions utilising AI to potential new clients that so far have not adopted digital working methods, which will increase the size of the addressable market.

Increasing volume of samples

The expected increase in the size of the ageing population and cancer incidence is estimated to increase the need for pathology analysis in the future. In 2020, there were 727 million people aged over 65, representing 9.3% of the total global population. By 2050, the number of those aged over 65 is forecast to grow to more than 1.5 billion, representing 16.0% of the forecast global population in 2050. Consequently, the number of people over 65 is expected to more than double between 2020 and 2050.[33] The global incidence of cancer, on the other hand, is forecast to grow by 47.4% between 2020 and 2040.[34]

In addition, the trend of personalised health care is expected to increase the number of analysed samples per patient.[35] According to a study conducted in Germany, personalised health care will lead to an increase in pathologists' workload, as

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[27] Market Intellix and Maia Research: Global Microscope Slide Market Report 2021 (separately targeted version).

[28] Market Intellix and Maia Research: Global Microscope Slide Market Report 2021 (separately targeted version).

[29] The management's estimate on the price.

[30] The management's estimate on the price.

[31] Market Intellix and Maia Research: Global Microscope Slide Market Report 2021 (separately targeted version).

[32] Market Intellix and Maia Research: Global Microscope Slide Market Report 2021 (separately targeted version).

[33] United Nations Department of Economic and Social Affairs, Population Division: World Population Ageing 2020 Highlights.

[34] International Agency for Research on Cancer – Cancer tomorrow.

[35] Warth et al. Individualized medicine and demographic change as determining workload factors in pathology: quo vadis? Virchows Arch. 2016; 468(1):101-8 and Rosenbaum et al. The Evolving Role of Companion Diagnostics for Breast Cancer in an Era of Next-Generation Omics (2017).

increasingly detailed methods are used in connection with making a diagnosis.[36] As diagnostic processes expand, an increase in the number of slides was detected per each case where pathology samples were taken.[37]

Shortage of pathologists

A shortage of pathologists has been detected in certain areas of the medical industry.[38] This, combined with an estimated growth in the number of samples, could lead to pathologists being overworked. In a study conducted in the United States, around 71% of respondents said they had experienced burnout symptoms while working as pathologists.[39] Additionally, another study indicates that, among laboratory personnel who felt burned out, around half said that this is a prevailing condition for them, and about 24.9% of the personnel who had experienced burnout symptoms considered quitting their job in order to change their situation.[40]

In a study conducted in the United Kingdom in 2018, 97% of histopathology institutions indicated they faced a shortage of personnel resources to a certain degree in order to meet clinical demand.[41] The shortage of pathologists is also reflected by the ability of histopathology institutions to treat and accept cases, as 45% of histopathology institutions in the United Kingdom were forced to turn down customers due to a lack of personnel resources.[42] The shortage of pathologists could also be reflected in the quality of the work performed by them and their well-being at work, and in the worst case, an excessive workload could lead to weaker accuracy in analyses.

The Company estimates that the growing number of samples, combined with pressure on pathologists to produce high-quality analysis in limited time, will increase the need to boost the efficiency of work methods in the field of pathology. The Company believes this will serve as one of the drivers in the spread of applications based on AI, as according to the Company's estimate, AI models as an aid in pathology analysis and research increase the efficiency of analysis conducted with traditional work methods by automating part of the process. The Company estimates that the adoption of software solutions utilising AI as part of the sample analysis process would decrease pathologists' workload and help make interpretations of images more consistent.

Technology enabling development of AI models and utilisation of a cloud environment

The AI technology used by the Company is based on deep neural networks. The same technology has proven effective in many different image detection applications, such as self-driving cars and automation solutions at factories, for example. General technological progress and the increase in the computational power of computers have enabled the development of increasingly advanced AI models. Technological development is expected to continue in the future, which could make it possible to create AI models with even more advanced characteristics. According to the management's estimate, more advanced technology will enable wider use of AI models in image-based analysis and accelerate the introduction and utilisation of AI models as an aid in pathology analysis. The Company estimates that more advanced AI models with more diverse characteristics will speed up digitalisation at pathology laboratories and hospitals. In addition, patients expect to receive an accurate diagnosis and the correct treatment decision as quickly as possible, which in the Company's view places pressure on pathology laboratories to adopt more advanced and more efficient methods to assist in diagnostics, therefore potentially growing the market for AI models used in pathology in the future.

The software solutions are designed particularly for very large tissue sample images resembling satellite images, with a size of several gigabytes or even terabytes, that are used in pathology analysis. The increase in cloud service capacity as a result of general technological progress enables the use of the Company's software and the analysis of large sample images on a computer via an internet connection. The management estimates that advances in cloud service capacity and its wider availability will enable and promote wider use of AI models intended for analysing images in the future.

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[36] Warth et al.: Individualized medicine and demographic change as determining workload factors in pathology: quo vadis? Virchows Arch. 2016; 468(1):101-8.

[37] Warth et al.: Individualized medicine and demographic change as determining workload factors in pathology: quo vadis? Virchows Arch. 2016; 468(1):101-8.

[38] The Royal College of Pathologists: Histopathology workforce census 17/18.

[39] Garcia, E. et al.: The American Society for Clinical Pathology's Job Satisfaction, Well-Being, and Burnout Survey of Pathologists (2020).

[40] Garcia, E. et al.: The American Society for Clinical Pathology's Job Satisfaction, Well-Being, and Burnout Survey of Laboratory Professionals (2020).

[41] The Royal College of Pathologists: Histopathology workforce census 17/18.

[42] The Royal College of Pathologists: Histopathology workforce census 17/18.

Competitive landscape

To the Company's knowledge, there are no software solutions available for medical image analysis similar to the software solutions developed by the Company, which are cloud native and offered under the SaaS model and which enable analysis of particularly large sized images and experts to train AI quickly and easily. The ability offered by the Company's software solutions for customers to adapt and maintain AI models even after they have been deployed is, in the Company's view, a significant competitive advantage, as it best meets the users' demands according to the customer feedback received by the Company.

In the Company's current field of business, there are several companies that offer their own solutions for tissue and cell sample analytics, including Visiopharm, Indica Labs, PathAI, Paige, Ibex, Roche and ContextVision. The solutions offered by these players, however, differ in many ways from the software solutions offered by the Company. Some of the companies only offer image analysis algorithms based on traditional machine vision, others offer user interfaces intended for training AI models that are equipped with limited functionalities, and yet others only offer ready AI models for diagnostic applications. Some of these AI models intended for diagnostics are mostly intended for screening or quality control applications, for example detecting cancer tissue in samples but not for analysing the degree of cancer severity, something which the Company's software solutions enable.

Many of the competing companies focus on the preclinical research segment, with only some of them having validated their image analysis algorithms for diagnostic use in Europe. As the market is still in the opening up stage the Company's understanding is that the first regulatory approval for an AI model based on deep neural networks for tissue sample diagnostics has been granted in the United States only during 2021. However, software solutions for viewing digitised tissue samples without the use of AI have already previously been officially approved for diagnostic use in the United States.

Some of the major players in the industry are US growth companies (PathAI and Paige) that, to the Company's understanding, have raised more than USD 200 million in private equity and both of which are valued at more than one billion dollars according to the Company's estimate. In the Company's view these companies have so far offered either a few ready solutions for certain diagnostic and research purposes, or tailored customer-specific solutions as a service. The Company believes that these companies do not offer their customers a user interface for training or adapting AI models. The Company also sees potential for cooperation with some of the players in the sector.

SELECTED FINANCIAL INFORMATION

Historical financial information

The following table sets forth an overview of the Company's income statement, balance sheet, cash flow statement and key figures as at and for the six months ended 30 June 2021 and 30 June 2020 as well as at and for the financial years ended on 31 December 2020, 31 December 2019 and 31 December 2018. The financial information presented in this section is based on Aiforia's Audited Consolidated Financial Statements and Unaudited Half-Yearly Financial Information, both prepared in accordance with the FAS and incorporated in this Offering Circular by reference.

This section shall be considered in conjunction with sections "*Operating and financial review*", "*Certain additional information*", "*Presentation of financial and certain other information*" and the Company's Audited Consolidated Financial Statements and Unaudited Half-Yearly Financial Information incorporated in this Offering Circular by reference.

	For the six months ended 30 June		**For the financial year ended 31 December**		
Consolidated income statement	**2021**	**2020**	**2020**	**2019**	**2018**
(EUR thousand)	(unaudited)		(audited)		
Revenue	**426**	**445**	**849**	**639**	**272**
Other operating income	259	858	1,520	280	267
Materials and services					
Materials and consumables					
Purchases during the financial year	-	-	-	-	-29
External services	-294	-79	-259	-367	-139
Total materials and services	-294	-79	-259	-367	-168
Personnel expenses					
Wages and salaries	-767	-712	-1,434	-878	-585
Social security expenses					
Pension expenses	-58	-80	-158	-101	-97
Other social security expenses	-55	-48	-88	-62	-21
Total personnel expenses	-881	-841	-1,680	-1,041	-703
Depreciation, amortisation and impairment losses					
Depreciation according to plan	-572	-453	-998	-882	-582
Impairment losses on non-current assets	-	-24	-24	-	-
Total depreciation, amortisation and impairment losses	-572	-477	-1,022	-882	-582
Other operating expenses	-787	-1,109	-2,041	-1,651	-1,166
Operating loss	**-1,850**	**-1,204**	**-2,632**	**-3,022**	**-2,080**
Financial income and expenses					
Other interest income and other financial income	41	1	6	0	3
Interest and other financial expenses	-534	-16	-131	-31	-32
Total financial income and expenses	-493	-15	-124	-30	-29
Loss before appropriations and taxes	**-2,343**	**-1,219**	**-2,756**	**-3,053**	**-2,109**
Loss for the financial period	**-2,343**	**-1,219**	**-2,756**	**-3,053**	**-2,109**

Consolidated balance sheet	For the six months ended 30 June 2021	For the six months ended 30 June 2020	For the financial year ended 31 December 2020	For the financial year ended 31 December 2019	For the financial year ended 31 December 2018
(EUR thousand)	(unaudited)		(audited)		
ASSETS					
Non-current assets					
Intangible assets					
Development expenses	3,017	2,300	2,216	2,399	1,698
Tangible assets					
Machinery and equipment	6	5	6	7	5
Other tangible assets	-	-	-	22	27
Total tangible assets	6	5	6	29	32
Total non-current assets	**3,023**	**2,305**	**2,222**	**2,428**	**1,730**
Current assets					
Current receivables					
Trade receivables	153	177	263	122	9
Other receivables	206	42	114	144	95
Prepaid expenses and accrued income	163	114	757	28	19
Total current receivables	521	333	1,134	294	124
Cash and cash equivalents	11,726	1,228	1,912	1,515	3,727
Total current assets	**12,247**	**1,561**	**3,046**	**1,810**	**3,850**
Total assets	**15,271**	**3,866**	**5,268**	**4,238**	**5,580**

Consolidated balance sheet	For the six months ended 30 June		For the financial year ended 31 December		
	2021	2020	2020	2019	2018
(EUR thousand)	(unaudited)		(audited)		
EQUITY AND LIABILITIES					
Equity					
Share capital	103	103	103	103	103
Reserve for invested unrestricted equity.	23,389	8,788	10,790	7,788	7,788
Retained earnings (losses)	-10,048	-7,346	-7,251	-4,297	-2,188
Loss for the financial period	-2,343	-1,219	-2,756	-3,053	-2,109
Total equity	**11,101**	**326**	**886**	**541**	**3,593**
Liabilities					
Non-current liabilities					
Loans from financial institutions	2,706	2,341	2,706	2,206	1,119
Total non-current liabilities	**2,706**	**2,341**	**2,706**	**2,206**	**1,119**
Current liabilities					
Loans from financial institutions	-	500	500	-	205
Advances received	323	97	298	125	76
Trade payables	400	205	395	426	347
Other current liabilities	108	36	34	36	22
Accruals and deferred income	633	361	448	903	217
Total current liabilities	**1,464**	**1,199**	**1,675**	**1,491**	**868**
Total liabilities	**4,170**	**3,540**	**4,382**	**3,697**	**1,987**
Total equity and liabilities	**15,271**	**3,866**	**5,268**	**4,238**	**5,580**

Consolidated statement of cash flow	For the six months ended 30 June 2021	2020	For the financial year ended 31 December 2020	2019	2018
(EUR thousand)	(unaudited)		(audited)		
Net cash flow from operating activities (A)	-1,548	-1,625	-2,866	-2,495	-1,459
Net cash flow from investing activities (B)	-392	-298	-749	-593	-891
Net cash flow from financing activities (C)	11,757	1,634	4,003	882	378
Net increase (+) / decrease (-) in cash and cash equivalents (A+B+C)..........	**9,817**	**-289**	**388**	**-2,205**	**-1,972**
Cash and cash equivalents at the beginning of the period.........................	1,912	1,515	1,515	3,727	5,699
Effect of changes in foreign exchange rate	-3	1	9	-6	-
Cash and cash equivalents at the end of the period...	**11,726**	**1,228**	**1,912**	**1,515**	**3,727**

Key figures

The Company follows the below presented key figures, which it uses to measure its business activities. The key figures include key figures and Alternative Performance Measures based on FAS. For more information on the Alternative Performance Measures, see section "*Certain additional information – Presentation of financial and certain other information – Alternative performance measures*". The following table presents the information of the Company's key figures as at and for the six months ended 30 June 2021 and 30 June 2020 as well as at and for the financial years ended on 31 December 2020, 31 December 2019 and 31 December 2018.

Key figures	As at and for the six months ended 30 June 2021	2020	As at and for the year ended 31 December 2020	2019	2018
(EUR thousand, unless otherwise indicated)	(unaudited)		(unaudited, unless otherwise indicated)		
Revenue...	426	445	849(1)	639(1)	272(1)
Cash and cash equivalents..................	11,726	1,228	1,912(1)	1,515(1)	3,727(1)
Net debt	-9,020	1,613	1,295	691	-2,403
Earnings per share, undiluted and diluted, EUR(2)	-0.15	-0.09	-0.21	-0.24	-0.17
Equity ratio, %......................................	74	9	18	13	65

(1) Audited.

(2) The Company's potential dilutive instruments consist of options. Because the Company's business has been unprofitable, the options would have no dilutive effect on earnings per share calculated on the basis of the loss for the financial period and therefore have not been taken into account when calculating diluted earnings per share. Because of this, there is no difference between earnings per share adjusted for dilution and undiluted earnings. The number of shares used in the table is as follows: 30 June 2021: 15,261,181, 30 June 2020: 12,830,050, 31 December 2020: 13,136,640, 31 December 2019: 12,830,050 and 31 December 2018: 12,660,357. Historical figures have been adjusted considering the impact of share split resolved on 20 September 2021.

Definitions of the key figures

Key figure	Definition	Purpose of use
Net debt	Loans from financial institutions - cash and cash equivalents	Figure describes the total amount of external debt financing
Earnings per share, undiluted, EUR	Profit (loss) for the financial period / weighted average amount of shares outstanding during the financial period	Figure describes the distribution of earnings to individual shares
Earnings per share, diluted, EUR	Profit (loss) for the financial period / weighted average amount of shares outstanding during the financial period + potential dilutive shares	Figure describes the distribution of earnings to individual shares with dilution effect
Equity ratio, %	Total equity at the end of the financial period/(Total liabilities at the end of the financial period - advances received at the end of the financial period)	Figure for management to monitor the level of equity of the Company

OPERATING AND FINANCIAL REVIEW

The following discussion of Aiforia's operating results and financial position should be read together with the sections "Certain additional information – Presentation of financial and certain other information", "Capitalisation and indebtedness" and "Selected financial information" as well as the Company's Audited Consolidated Financial Statements and Unaudited Half-yearly Financial Information prepared according to the FAS and incorporated in this Offering Circular with reference.

The information presented below is based on Aiforia's audited consolidated financial statements for the years ended 31 December 2020, 31 December 2019 and 31 December 2018 prepared according to the FAS and Aiforia's half-yearly financial information for the six months ended 30 June 2021 prepared in the scope required by section 4.4 of the First North Rules, including comparative figures for the six months ended 30 June 2020.

The discussion below includes forward-looking statements that involve inherent risks and uncertainties. Aiforia's actual results of operations could differ materially from those contained in such forward-looking statements as a result of several factors discussed below and elsewhere in this Offering Circular, particularly in the sections "Risk factors" and "Certain additional information – Forward-looking statements".

Overview

Aiforia is a Finnish company providing image analysis software utilising artificial intelligence. Aiforia's business model is based on the development and utilisation of AI models in the analysis of tissue and cell samples.

Aiforia's offering is divided into the sales of software solutions and services for preclinical research and the sales of software solutions and services for clinical diagnostics. Aiforia has for several years developed software solutions utilising AI for preclinical research, and such software solutions have already been commercialised. Further, as at the date of this Offering Circular, Aiforia has begun to commercialise the first software solutions and services utilising AI models intended for clinical diagnostics, and it aims to develop new AI models in order to widen the applications of its software solutions in clinical diagnostics. As Aiforia has only during 2021 begun to commercialise its software solutions and services for clinical diagnostics, Aiforia's revenue has historically originated completely from the sales of software solutions and services for preclinical research. For more information on Aiforia's business, see "*Business overview*".

Aiforia's revenue for the six months ended 30 June 2021 amounted to EUR 426 thousand (EUR 445 thousand for the six months ended 30 June 2020) and its operating loss was EUR 1,850 thousand (EUR 1,204 thousand for the six months ended 30 June 2020). Aiforia's revenue for the year 2020 amounted to EUR 849 thousand (EUR 639 thousand for the year 2019 and EUR 272 thousand for the year 2018) and its operating loss was EUR 2,632 thousand (EUR 3,022 thousand for the year 2019 and EUR 2,080 thousand for the year 2018).

Aiforia has customers using its preclinical software solutions all over the world, and as at the date of this Offering Circular, its software solutions have over 3,000 active users in over 50 countries and approximately 100 customer locations. Finland accounted for 26 percent, Europe (excluding Finland), the Middle East and Africa (EMEA) and Asia-Pacific (APAC) for 37 percent and North America for the remaining 37 percent of Aiforia's invoicing for the year ended 31 December 2020.[43]

Key factors affecting the results of operations

General

Aiforia's business operations have historically focused on product development, and due to this, the Company has incurred losses during the previous financial years. The Company's loss for the financial period amounted to EUR 2,343 thousand for the six months ended 30 June 2021, EUR 1,219 thousand for the six months ended 30 June 2020, EUR 2,756 thousand for the year ended 31 December 2020, EUR 3,053 thousand for the year ended 31 December 2019 and EUR 2,109 thousand for the year ended 31 December 2018. Aiforia's management estimates that particularly personnel expenses resulting from the increase in the number of employees and product development expenses will be front-loaded in relation to the increase in sales, and the Company expects to incur an operating loss for several upcoming years. Aiforia's business objective is to reach positive net cash flow from operating activities by the end of 2025.

Several internal and external factors, some of which are beyond Aiforia's control, have an effect on Aiforia's results. The Company's results of operations have previously fluctuated significantly between periods, and Aiforia's management estimates that they will also fluctuate in the future. The Company expects that its half-year and annual results of operations will be impacted in the near future by many factors, including the development of personnel and product development expenses, as well the timing and number of regulatory approvals required for offering new AI models. The Company

[43] Information on the geographical distribution of invoicing has not been audited and it contains certain assumptions made by the management. Therefore, this information is only considered to approximate the geographical distribution, and it may not be directly comparable with Aiforia's information reported in accordance with the FAS. See also section "*Business overview – General*".

expects that its results will also be impacted by the digitalisation rate of pathology laboratories, which will have an effect on the opening of the markets, as well as Aiforia's success in the commercialisation of its software solutions and the development of sales as a result of these factors. Due to such fluctuation and factors, the Company's management believes that a comparison of its historical results for different periods cannot be considered a reliable indication of its development in the future.

In the view of the Company's management, the operating loss for the previous years has mainly been impacted by the fact that the Company has still been in the product development phase. The Company has focused on product development in order to gain the capability to provide high-quality analysis software as digitalisation in the field of pathology proceeds. The market for image analysis software provided by Aiforia for digital pathology is still in a relatively early stage. The Company's management estimates that product development expenses will continue to have an effect on the Company's results in the future, as the Company aims to seek growth by developing new AI models and widening the applications of its software solutions. However, the Company estimates that it can control the timing of future product development expenses to a certain extent, taking into account, for example, the speed of opening of the markets in the future.

The Company has only begun to commercialise its software solutions utilising AI for clinical diagnostics. The Company's target is to develop and implement software first for preclinical research in order to verify the functionality of the software solutions and AI models before starting their large-scale commercialisation for clinical diagnostics. Aiforia's management estimates that the Company's revenue and results will be impacted in the future by the development schedule of possible new AI models, progress in the expansion of the technical features and applications of the software solutions, as well as the number and timing of possible new regulatory approvals required for analysing various medical conditions. Further, the extent of the success in the commercialisation of new AI models and the schedule of the commercialisation are estimated to have an effect on the Company's results both in the short and medium term.

The paragraphs below describe the key factors affecting the Company's results of operations during three different periods of time:

- "*At present*" refers to the Company's present and historical operations during the review period. During the period under review, the Company has invested particularly in product development, and in the view of Aiforia's management, the Company will continue to focus on product development in the future. The Company's offering of image analysis software for facilitating the analysis of tissue and cell samples is divided into software solutions for preclinical research and clinical diagnostics. While software solutions for preclinical research have already been commercialised, the commercialisation of software solutions for clinical diagnostics has only just begun after the Company obtained CE-IVD markings for the AI models developed to assist in diagnostics of breast and lung cancer. Aiforia has customers using its preclinical software solutions across the world, and as at the date of this Offering Circular, its software solutions have over 3,000 active users in over 50 countries and at approximately 100 customer locations. The Company has incorporated a subsidiary in the United States, established sales partnerships for the distribution of its products in, for example, Europe, Japan and the United States, and recruited sales personnel in the Netherlands, Switzerland, Spain, the United States and the United Kingdom, in addition to Finland.

  The Company's revenue amounted to EUR 426 thousand for the six months ended 30 June 2021, EUR 445 thousand for the six months ended 30 June 2020 and EUR 849 thousand for the year ended 31 December 2020. The Company's revenue for the year ended 31 December 2020 was derived entirely from the sales of software products and services to customers in preclinical research. The key factors affecting the Company's results of operations at present are described in section "– *Key factors affecting the Company's results of operations at present*".

- "*Short term*" refers to the Company's planned operations in the next approximately two years. While the Company expects to remain in the product development phase during this period of time, it intends to enter into significant agreements with customers in preclinical diagnostics and pharmaceutical research and development, as well as to expand its sales network. The Company's business objectives in the short term are described in section "*Business overview – Aiforia's business objectives*" above, and the key factors affecting the Company's results of operations are described in section "– *Key factors affecting the Company's results of operations in the short term*" below.

- "*Medium term*" refers to the Company's planned operations in the next approximately seven years. The Company estimates that it will proceed to a more extensive commercialisation phase, and the sales channels developed previously are expected to accelerate growth. The Company's business objectives in the medium term are described in section "*Business overview –Aiforia's business objectives*" above, and the key factors affecting the

Company's results of operations are described in section "– *Key factors affecting the Company's results of operations in the medium term*" below.

Key factors affecting the Company's results of operations at present

Sales of software solutions and services

As at the date of this Offering Circular, the Company's revenue consists of sales of the Company's software solutions and services to customers in preclinical research. The Company's revenue is derived from the sales of SaaS licenses and additional services related to them, as well as from the sales of services. Due to this, both the number of customers using the Company's software products and the utilisation rate of the products have an effect on the Company's revenue. Factors affecting the revenue of software solutions designed for clinical diagnosis are described in section "*Key factors affecting the Company's results of operations in the short term*", as the present revenue consists of sales to the customers in preclinical diagnostics.

As an additional project-based service, the Company also provides the possibility to develop AI models to serve the customer's needs, and in certain cases, this includes a limited number of sample images analysed on behalf of the customer. The target group has included, in particular, pharmaceutical companies and, to a smaller extent, academic researchers. By providing the development of AI models as a service, the Company can accelerate deployment of the software by the customer and at the same time proceed faster to the phase where the customer uses AI models for analysing sample images. The Company also expects to offer the development of AI models as a service to customers in clinical diagnostics in the future, and in this case, the service would also include adaptation of AI models developed for clinical diagnostics to the customer's environment.

Grants received

The Company's other operating income consists of grants for project costs received from Business Finland and the EU. Other operating income amounted to EUR 259 thousand for the six months ended 30 June 2021, EUR 858 thousand for the six months ended 30 June 2020, EUR 1,520 thousand for the year ended 31 December 2020, EUR 280 thousand for the year ended 31 December 2019 and EUR 267 thousand for the year ended 31 December 2018. Granted subsidies are recognised in other operating income when costs approved in accordance with the subsidy decision and its terms and conditions are incurred in the subsidised projects. The Company estimates that the importance of granted subsidies is emphasised at present, and was emphasised during the previous years, due to the early phase of the Company's development. However, the Company expects that the importance of subsidies will decrease in the future, but it estimates that subsidies will continue to have an effect at least in the short term and possibly also in the medium term.

Personnel expenses

Personnel expenses are a significant cost item for the Company. Net of capitalised development expenses, personnel expenses amounted to EUR 881 thousand for the six months ended 30 June 2021, EUR 841 thousand for the six months ended 30 June 2020, EUR 1,680 thousand for the year ended 31 December 2020, EUR 1,041 thousand for the year ended 31 December 2019 and EUR 703 thousand for the year ended 31 December 2018. The Company's average number of personnel was 26 in the financial year 2020 (converted to full-time employment) and 33 during the first half of 2021 (converted to full-time employment). At present, the majority of personnel expenses are related to product development. Personnel expenses related to product development were capitalised in development expenditures in the amount of EUR 238 thousand for the six months ended 30 June 2021, EUR 121 thousand for the six months ended 30 June 2020, EUR 205 thousand for the year ended 31 December 2020, EUR 436 thousand for the year ended 31 December 2019 and EUR 233 thousand for the year ended 31 December 2018. Personnel expenses corresponding to grants received are recognised through the income statement, and at present, they are a significant part of personnel expenses presented in the income statement.

Development of the Company's software solutions, AI models and underlying technology

The Company has aimed to widen its offering through active development of the user interface of the software solutions, artificial intelligence technology and new AI models for various purposes, including clinical diagnostics. The Company's management estimates that a wide offering of different AI models will contribute to the growth of the business in the future. The Company's management estimates that by offering AI models for analysing a larger number of tissue features relating to different medical conditions, it is possible to reach a wider potential customer base. The Company's management estimates that product development will continue to be a focus area in the future.

Development expenses related to product development are mainly capitalised, except for expenses which are related to grants recognised in other operating income. Capitalised development expenses amounted to EUR 1,372 thousand for the six months ended 30 June 2021, EUR 352 thousand for the six months ended 30 June 2020, EUR 812 thousand for the year ended 31 December 2020, EUR 1,575 thousand for the year ended 31 December 2019 and EUR 1,156 thousand for the year ended 31 December 2018. Capitalised expenses include personnel expenses, purchased external services and costs of cloud services related to product development, as part of the product development work takes place in the cloud environment of an external provider of cloud services. Development expenses capitalised in the balance sheet are amortised over 5 years using the straight line method. The amortisation of development expenditures is a significant factor, and it will also have an effect on the Company's results in the short and medium term.

The Company's flexible product development strategy also includes purchasing software development services based on staff leased from external parties, which is reflected in the income statement as a part of other operating expenses. The Company also acquires other services related to product development as necessary. Such purchases of services are included in materials and services in the income statement.

Operating expenses

In addition to personnel and product development expenses, operating expenses include materials and services and other operating expenses. The Company's purchased materials and services amounted to EUR 294 thousand for the six months ended 30 June 2021, EUR 79 thousand for the six months ended 30 June 2020, EUR 259 thousand for the year ended 31 December 2020, EUR 367 thousand for the year ended 31 December 2019 and EUR 168 thousand for the year ended 31 December 2018. Materials and services include costs of cloud services relating to software solutions sold. Purchased services also include other business services purchased from external parties.

Other operating expenses amounted to EUR 787 thousand for the six months ended 30 June 2021, EUR 1,109 thousand for the six months ended 30 June 2020, EUR 2,041 thousand for the year ended 31 December 2020, EUR 1,651 thousand for the year ended 31 December 2019 and EUR 1,166 thousand for the year ended 31 December 2018. At present, other operating expenses include, among other things, software development services purchased from external parties, administrative expenses, costs related to business premises, IT costs and expenses related to marketing and advertising.

Impact of the COVID-19 pandemic on the Company's results

The Company's management estimates that the global COVID-19 pandemic had an indirect impact on the Company's business and sales of services during the financial year 2020 and for the six months ended 30 June 2021. Due to the restrictions on movement related to the COVID-19 pandemic, the Company's personnel have not had similar possibilities as in normal conditions to travel and meet potential customers face to face as a part of their sales activities. In addition, restrictions have made it more difficult to meet existing customers and manage customer relations.

Due to the restrictions, the Company estimates that, for example, travel expenses have been lower than normally, and during the spring of 2020, the Company temporarily decreased the number of software developers resourced as external staff. On the other hand, the Company has invested in digital marketing, and the Company's management estimates that the total amount of operating expenses has not decreased as a result of the COVID-19 pandemic. The Company's management estimates that restrictions due to the COVID-19 pandemic will also have an effect on the Company's business in the short term.

Key factors affecting the Company's results of operations in the short term

Obtaining possible new CE-IVD markings for clinical diagnostics and commercialisation of products

The Company aims to obtain a CE-IVD marking for several new AI model in the short term, such as an AI model used for assisting the diagnostics of prostate cancer and several AI models used for assisting the diagnostics of breast cancer. New CE-IVD markings would make it possible to widen the offering for clinical diagnostics and start the commercialisation of new AI models. Due to this, obtaining new CE-IVD markings, the timing of the new markings and the number of AI models for which CE-IVD markings are obtained, is estimated to have an effect on when the first customers in clinical diagnostics and cooperation partners are acquired, and consequently, on the Company's results. Further, the level of the Company's success in the commercialisation of possible new AI models with a CE-IVD marking is estimated to have an effect on the Company's results. The Company also plans to start discussions with the FDA on possible applications for FDA market approvals during the period.

The Company estimates that the scope of its AI model portfolio, i.e., the number of AI models with a CE-IVD marking, as well as the quality and usability of the AI models in relation to the customers' expectations will have an effect on acquiring the first customers and cooperation partners in clinical diagnostics. In addition to the development of new AI models, the Company aims to develop and widen the features of its software solutions to ensure that the software solutions provide more extensive support to the management of the daily workflow of pathologists. As an external factor, the Company also estimates that the speed of progress in the digitalisation of pathology, and through this, recognition of benefits offered by AI-assisted analyses among the customers will have an effect on the Company's results.

Upcoming sales of software solutions for clinical diagnostics will be based for a large part on annual fees, and customer-specific fees will be based on advance estimates of the volume of sample images to be analysed. Should the final number of images analysed by the customer exceed the previously agreed volume, the extra number of analysed images is invoiced separately. The pricing of software solutions and AI models will also be based, in part, on the complexity of the medical conditions analysed with the AI models. For clinical diagnostic, the Company also offers a possibility to adapt the AI models according to the customer's needs, as well as inspections related to the quality control of AI models and assistance for integration in connection with the deployment phase. The Company also offers the development of AI models for clinical diagnostics as a service. Factors affecting revenue from software solutions for preclinical research are described in more detail in the section "*Key factors affecting the Company's results of operations at present*".

Development of the sales of products for preclinical research and progress of their commercialisation

The total number of active customers and the volume of samples analysed by the customers utilising the Company's AI models have an effect on the Company's revenue. The Company estimates that success in the expansion of the sales organisation, cooperation with Epredia to be started on the basis of the distribution agreement concluded with Epredia, success in marketing activities and success in the expansion of the support organisation will, in turn, have an effect on the total number of customers. The Company aims to invest in marketing to increase awareness of the Company, which the Company also estimates to have an effect on the development of sales. On the other hand, the sales of competitive software solutions and services may have an effect on the development of Aiforia's sales as an external factor.

In preclinical research and development of medicines, the Company's target is to invest in commercialisation. Successful progress in the commercialisation is estimated to have an impact on the Company's results. Further, the Company expects to continue development of software solutions for preclinical research, as well as expanding its offering on the basis of the development work into wider applications in the medical industry and developing further the possibilities for reporting analysis results. The schedule of the development activities and their success are expected to have an impact on the Company's sales and results.

Operating expenses and investments in research and development

In the short term, the Company expects to seek growth by investing in sales, marketing and distribution channels, and the Company estimates that the expenses resulting from this will have an effect on the Company's results. Further, the Company's management sees the short-term period as a product development phase, in which the Company aims to develop and expand the features of its software solutions in addition to developing new AI models for clinical diagnostics. The Company's management estimates that the development expenses will be significant in the short term, and for a large part, they will consist of personnel expenses. The Company aims to recruit new personnel for product development, software development and development and maintenance of AI models. The Company's management estimates that a significant proportion of the expenses related to product development will be capitalised.

In addition to the recruitment of product development personnel, the Company aims to expand its sales organisation by recruiting new personnel for sales and sales support in Europe and North America to accelerate commercialisation. These new recruitments are estimated to have an effect on the Company's results through personnel expenses. In order to support commercialisation, the Company also plans to expand marketing to increase awareness of the Company, as well as to invest in the training of sales personnel. The Company's management also estimates that these sales and marketing expenses will have an effect on the Company's results.

Impact of the COVID-19 pandemic on the Company's results

The Company's management estimates that the COVID-19 pandemic may have an indirect impact on the Company's business and the sales of its software solutions and services in the short term. According to the Company's estimate, restrictions on movement may have an effect on the extent to which the Company's representatives will be able to meet potential customers to present and sell the Company's software solutions in different countries. The Company's management also estimates that restrictions on movement may also have an impact on how efficiently the Company will be able to train potential new sales personnel, as well as training and supporting new sales partners, such as Epredia. However, the Company considers the impact to be limited, as the Company believes that it has good capabilities, for example, for arranging training events through remote connections.

According to the Company's estimate, non-urgent sampling may have been postponed in certain areas due to the COVID-19 pandemic. Should the situation improve, this may lead to a slight and temporary release of pent-up demand in the short term. However, the Company is still commercialising its products for clinical diagnostics, and the management estimates that similar pent-up demand will not arise in preclinical research.

The Company's management estimates that the COVID-19 pandemic has also accelerated digitalisation at pathology laboratories. The Company's addressable market grows in line with the digitalisation of laboratories. Furthermore, the Company's software solutions utilising AI models can be used with computers and Internet connections regardless of where the user is located. Should remote working increase in pathology, this could have an indirect effect on the customers' willingness to consider the deployment of software solutions used through cloud services.

Key factors affecting the Company's results of operations in the medium term

Development of sales and commercialisation

The Company expects to proceed to a more extensive commercialisation phase, and in addition, the Company expects that the sales channel network it has built will accelerate growth, and consequently, have an effect on the Company's results. The Company's management estimates that the Company's capability to build a sufficient sales organisation and conclude cooperation agreements will have an effect on the extent and speed of its success in commercialisation. Furthermore, the scope, quality and usability of the Company's software solutions, as well as their integrability into the customer's environment and compliance with customer requirements are estimated to have an effect on the Company's results. The Company estimates that the speed of progress in digitalisation in pathology and how quickly AI assisted analysis will become an established method, which would replace an increasing proportion of analyses carried out using traditional methods, will have an effect on the speed of commercialisation.

In the medium term, the number of customers using services provided by the Company and the volume of sample images analysed by the users is estimated to have a significant impact on the Company's revenue and results of operations. The Company's management estimates that growth in the number of customers and in business will require more personnel in, for example, support functions, and the growing volume of samples analysed by the customers will increase, for example, the Company's costs for cloud services if the customers use a cloud service maintained by the Company. However, according to the estimate of the Company, the relative share of the costs for cloud services will decrease in line with growth in volume. The Company also estimates that growth in the volume of samples analysed with its AI models will not directly require the Company to increase its human resources in the same proportion. The Company also estimates that a part of its expenses are fixed costs that do not increase directly in line with the growth in the volume of samples analysed by the customers.

In addition to selling software, the Company aims to review possibilities to offer diagnostics services where the Company would provide the diagnosis and pathologist's report as a service to parties treating patients, or alternatively provide software solutions to companies offering corresponding services to their customers. The Company's management estimates that offering such diagnostics services would have an effect on the Company's revenue and results. However, the Company's management estimates that offering diagnostics services would also have an impact on expenses and might require a new kind of regulatory approval.

Obtaining new regulatory approvals for products used in clinical diagnostics

The scope of the Company's product portfolio designed for clinical diagnostics is estimated to have a significant effect on the Company's revenue. The product portfolio's scope refers to the number of different AI models used for analysing different medical conditions (each requiring a separate regulatory approval according to the Company's estimate), as well as a wider software offering related to the management of images and organising the daily workflow of pathologists, which also require regulatory approvals. Due to these factors, the timing and number of possible new regulatory approvals is estimated to have an effect on the Company's sales. In the medium term, the Company's target is to develop and obtain regulatory approvals for AI models for diagnosing various medical conditions, such as the most common cancers, inflammatory conditions and skin diseases, and selecting the correct treatment for them. The Company estimates that new regulatory approvals and their number will have an effect on the Company's ability to expand its offering, and the approvals would enable reaching a larger potential customer base. New regulatory approvals and successful commercialisation of approved AI models and a wider software solution offering are estimated to have a significant effect on the Company's results. For more information on the regulatory environment, see "*Business overview – Regulatory environment and standards in clinical diagnostics*", and on risk factors related to regulatory approvals, see "*Risk factors – Risks related to Aiforia's business operations – Aiforia may fail to acquire regulatory approvals, CE-IVD markings or market approvals required for offering software solutions and services for clinical diagnostics, regulatory proceedings may be delayed significantly and authorities may prohibit the sales of software solutions or artificial intelligence models already commercialised*".

Fluctuation of foreign exchange rates

The Company aims to provide its services globally, exposing it to fluctuations in foreign exchange rates. Fluctuations in foreign exchange rates may have a significant effect on the results of the group in the short and medium term.

Recent events

After 30 June 2021, Aiforia held a new financing round which was completed on 8 September 2021. In connection with the financing round, Aiforia's Board of Directors decided to issue a total of 25,640 new D shares in the Company on the basis of the authorisation granted by the unanimous resolution of the Company's shareholders on 14 May 2021. The subscription price for the new D shares issued in connection with the financing round was EUR 191.40 per share, and the total subscriptions amounted to EUR 4,907,496. The new D shares issued in connection with the financing round were registered in the Finnish Trade Register on 8 September 2021.

In September 2021, the Company raised an additional loan tranche of EUR 189 thousand in connection with Business Finland's Young Innovative Company programme.

In October 2021, Aiforia's Board of Directors noted that share subscriptions have been made based on option rights and resolved on the registration of a total of 249,150 new series A shares of the Company. The subscription price of the new series A shares issued was EUR 0.02 or EUR 1.3724 depending on the applicable option program and the total subscription price of the shares was EUR 159,359. The new series A shares subscribed for based on option rights were registered in the Trade Register on 15 October 2021.

In November 2021, Aiforia signed a master agreement with the US based Mayo Clinic. For more information on the framework agreement with Mayo Clinic, see "*Business overview – Sales and customers – Examples of Aiforia's customers – Mayo* ".

Notwithstanding the abovementioned financing round, the raising of the additional loan tranche, the share subscriptions made based on option rights, and the master agreement signed with Mayo Clinic, Aiforia's management considers that no significant changes have occurred in Aiforia's results of operations and financial position between 30 June 2021 and the date of this Offering Circular.

Key items of the income statement

Revenue

Revenue consists of the sales of Aiforia's software solutions and services to customers in preclinical diagnostics. The Company's revenue is derived from the sales of SaaS licenses and additional services related to them, as well as from the sales of services. The sales of licences and maintenance are recognised as revenue monthly over the contract period. Since the beginning of 2021, the sales of credits related to the cloud computing capacity are recognised monthly over the contract period, while previously the sales were recognised at the time of invoicing. Services are recognised on the basis of invoicing, unless otherwise provided in the agreement.

Other operating income

Other operating income mainly consist of subsidies granted for project costs. Granted subsidies are recognised in other operating income when costs approved in accordance with the subsidy decision and its terms and conditions arise in the subsidised projects.

Materials and services

Materials and services consist of services purchased during the period, mainly comprising cloud services relating to the services and products sold.

Personnel expenses

Personnel expenses include the wages and salaries of Aiforia's employees, as well as pension expenses and other social security expenses related to them. The personnel expenses do not include capitalised development expenses.

Depreciation, amortisation and impairment

Depreciation, amortisation and impairment consist of the amortisation of intangible assets and depreciation of tangible assets according to plan. Development expenditures are amortised over 5 years with the straight line method, machinery and equipment are depreciated over 3 years with the straight line method and other tangible assets are depreciated over 10 years with the straight line method. Impairment is recognised though the income statement when necessary.

Other operating expenses

Other operating expenses include, among other things, costs relating to external software development, cloud services, marketing, business premises, software and administration. Expenses capitalised as development expenditures are not included in other operating expenses.

Operating loss

The operating loss is calculated by adding other operating income to the revenue and subtracting from the sum materials and services, personnel expenses, depreciation, amortisation and impairment and other operating expenses.

Financial income and expenses

Financial income and expenses consist of exchange rate differences, interest expenses and income, as well as other financial income and expenses.

Loss for the financial period

The loss for the financial period is calculated by subtracting total financial income and expenses and income tax from the operating loss.

Results of operations

The discussion below describes the development of Aiforia's business during the period covered by the historical financial information. The comparison of results of operations for the six months ended 30 June 2021 and 30 June 2020 is based on the Company's Unaudited Half-yearly Financial Information, and the comparison of the results of operations for the years ended 31 December 2020, 31 December 2019 and 31 December 2018 is based on the Company's Audited Consolidated Financial Statements.

The table below sets forth the Company's income statement for the periods indicated.

	Six months ended 30 June		**Financial year ended 31 December**			**Change**			**Change**		
	2021	**2020**	**2020**	**2019**	**2018**	**H1 21/ H1 20**	**20/19**	**19/18**	**H1 21/ H1 20**	**20/19**	**19/18**
(EUR thousand)	(unaudited)		(audited)			(EUR thousand, unaudited)			(%, unaudited)		
Revenue	**426**	**445**	**849**	**639**	**272**	**-19**	**210**	**367**	**-4.2**	**32.9**	**134.7**
Other operating income	259	858	1,520	280	267	-599	1,240	13	-69.8	442.8	5.1
Materials and services	-294	-79	-259	-367	-168	-215	109	-199	270.2	-29.6	118.7
Personnel expenses	-881	-841	-1,680	-1,041	-703	-40	-638	-338	4.8	61.3	48.1
Depreciation, amortisation and impairment losses	-572	-477	-1,022	-882	-582	-95	-141	-300	20	15.9	51.5
Other operating expenses	-787	-1,109	-2,041	-1,651	-1,166	322	-390	-485	-29	23.6	41.6
Operating loss	**-1,850**	**-1,204**	**-2,632**	**-3,022**	**-2,080**	**-646**	**390**	**-942**	**53.7**	**-12.9**	**45.3**
Financial income and expenses	-493	-15	-124	-30	-29	-478	-94	-1	3,293.9	310.6	3.8
Loss before appropriations and taxes	**-2,343**	**-1,219**	**-2,756**	**-3,053**	**-2,109**	**-1,124**	**296**	**-944**	**92.3**	**-9.7**	**44.7**
Loss for the financial period	**-2,343**	**-1,219**	**-2,756**	**-3,053**	**-2,109**	**-1,124**	**296**	**-944**	**92.3**	**-9.7**	**44.7**

Revenue

The six months ended 30 June 2021 as compared to the six months ended 30 June 2020

Aiforia's revenue amounted to EUR 426 thousand for the six months ended 30 June 2021, representing a decrease of EUR 19 thousand as compared to EUR 445 thousand for the six months ended 30 June 2020.

The financial year ended 31 December 2020 as compared to the financial year ended 31 December 2019

Aiforia's revenue amounted to EUR 849 thousand for the year ended 31 December 2020, representing an increase of EUR 210 thousand as compared to EUR 639 thousand for the year ended 31 December 2019. The increase was mainly due to the positive development of digitalisation in the market and the development of the Company's products.

The financial year ended 31 December 2019 as compared to the financial year ended 31 December 2018

Aiforia's revenue amounted to EUR 639 thousand for the year ended 31 December 2019, representing an increase of EUR 367 thousand as compared to EUR 272 thousand for the year ended 31 December 2018. The increase was mainly due to the positive development of digitalisation in the market and the development of the Company's products.

Other operating income

The six months ended 30 June 2021 as compared to the six months ended 30 June 2020

Aiforia's other operating income amounted to EUR 259 thousand for the six months ended 30 June 2021, representing a decrease of EUR 599 thousand as compared to EUR 858 thousand for the six months ended 30 June 2020. The decrease was due to lower grants for project costs.

The financial year ended 31 December 2020 as compared to the financial year ended 31 December 2019

Aiforia's other operating income amounted to EUR 1,520 thousand for the year ended 31 December 2020, representing an increase of EUR 1,240 thousand as compared to EUR 280 thousand for the year ended 31 December 2019. The increase was due to higher grants for project costs.

The financial year ended 31 December 2019 as compared to the financial year ended 31 December 2018

Aiforia's other operating income amounted to EUR 280 thousand for the year ended 31 December 2019, representing an increase of EUR 13 thousand as compared to EUR 267 thousand for the year ended 31 December 2018.

Personnel expenses

The six months ended 30 June 2021 as compared to the six months ended 30 June 2020

Aiforia's personnel expenses amounted to EUR 881 thousand for the six months ended 30 June 2021, representing an increase of EUR 40 thousand as compared to EUR 841 thousand for the six months ended 30 June 2020. Personnel expenses capitalised as development expenses amounted to EUR 238 thousand for the six months ended 30 June 2021. The capitalised amount increased by EUR 118 thousand as compared to EUR 121 thousand for the six months ended 30 June 2020. The increase in personnel expenses was due to a higher number of employees and higher average personnel expenses. The increase in the amount of personnel expenses capitalised in development expenses partly offset the increase in them from the comparative period.

The financial year ended 31 December 2020 as compared to the financial year ended 31 December 2019

Aiforia's personnel expenses amounted to EUR 1,680 thousand for the year ended 31 December 2020, representing an increase of EUR 638 thousand as compared to EUR 1,041 thousand for the year ended 31 December 2019. Personnel expenses capitalised in development expenses amounted to EUR 205 thousand for the year ended 31 December 2020. The capitalised amount decreased by EUR 232 thousand as compared to EUR 436 thousand for the year ended 31 December 2019. The increase in personnel expenses was due to a higher number of employees, higher average personnel expenses and a decrease in the amount of personnel expenses capitalised in development expenses.

The financial year ended 31 December 2019 as compared to the financial year ended 31 December 2018

Aiforia's personnel expenses amounted to EUR 1,041 thousand for the year ended 31 December 2019, representing an increase of EUR 338 thousand as compared to EUR 703 thousand for the year ended 31 December 2018. Personnel expenses capitalised in development expenses amounted to EUR 436 thousand for the year ended 31 December 2019. The capitalised amount increased by EUR 204 thousand as compared to EUR 233 thousand for the year ended 31

December 2018. The increase in personnel expenses was due to a higher number of employees and higher average personnel expenses. The increase in the amount of personnel expenses capitalised in development expenses partly offset the increase in personnel expenses from the comparative period.

Other operating expenses

The six months ended 30 June 2021 as compared to the six months ended 30 June 2020

Aiforia's other operating expenses amounted to EUR 787 thousand for the six months ended 30 June 2021, representing a decrease of EUR 322 thousand as compared to EUR 1,109 thousand for the six months ended 30 June 2020. Other operating expenses capitalised in development expenses amounted to EUR 1,134 thousand for the six months ended 30 June 2021. The capitalised amount increased by EUR 902 thousand as compared to EUR 231 thousand for the six months ended 30 June 2020. Other operating expenses increased from the comparative period if their capitalisation in development expenses is not taken into account.

The financial year ended 31 December 2020 as compared to the financial year ended 31 December 2019

Aiforia's other operating expenses amounted to EUR 2,041 thousand for the year ended 31 December 2020, representing an increase of EUR 390 thousand as compared to EUR 1,651 thousand for the year ended 31 December 2019. Other operating expenses capitalised in development expenses amounted to EUR 607 thousand for the year ended 31 December 2020. The capitalised amount decreased by EUR 531 thousand as compared to EUR 1,139 thousand for the year ended 31 December 2019. The increase in other operating expenses was mainly due to the decrease in the amount capitalised in development expenses.

The financial year ended 31 December 2019 as compared to the financial year ended 31 December 2018

Aiforia's other operating expenses amounted to EUR 1,651 thousand for the year ended 31 December 2019, representing an increase of EUR 485 thousand as compared to EUR 1,166 thousand for the year ended 31 December 2018. Other operating expenses capitalised in development expenses amounted to EUR 1,139 thousand for the year ended 31 December 2019. The capitalised amount increased by EUR 215 thousand as compared to EUR 924 thousand for the year ended 31 December 2018. The increase in other operating expenses was due to higher expenses, while the increase in the amount capitalised in development expenses partially offset their growth from the comparative period.

Operating loss

The six months ended 30 June 2021 as compared to the six months ended 30 June 2020

Aiforia's operating loss amounted to EUR 1,850 thousand for the six months ended 30 June 2021 and EUR 1,204 thousand for the six months ended 30 June 2020. The change was due to the factors described above in this section.

The financial year ended 31 December 2020 as compared to the financial year ended 31 December 2019

Aiforia's operating loss amounted to EUR 2,632 thousand for the year ended 31 December 2020, representing a decrease of EUR 390 thousand as compared to EUR 3,022 thousand for the year ended 31 December 2019. The change was due to the factors described above in this section.

The financial year ended 31 December 2019 as compared to the financial year ended 31 December 2018

Aiforia's operating loss amounted to EUR 3,022 thousand for the year ended 31 December 2019, representing an increase of EUR 942 thousand as compared to EUR 2,080 thousand for the year ended 31 December 2018. The increase in the loss was due to the factors described above in this section.

Loss for the financial period

Six months ended 30 June 2021 as compared to six months ended 30 June 2020

Aiforia's loss for the financial period amounted to EUR 2,343 thousand for the six months ended 30 June 2021, representing a change of EUR 1,124 thousand as compared to EUR 1,219 thousand for the six months ended 30 June 2020. The change was due to the factors described above and the increase of EUR 478 thousand in total financial income and expenses compared to the comparative period. Total financial income and expenses were higher due to expenses relating to equity financing completed during the period as well as expenses relating to the Listing.

The financial year ended 31 December 2020 as compared to the financial year ended 31 December 2019

Aiforia's loss for the financial period amounted to EUR 2,756 thousand for the year ended 31 December 2020, representing a decrease of EUR 296 thousand as compared to EUR 3,053 thousand for the year ended 31 December 2019. The change was due to the factors described above and the increase of EUR 94 thousand in total financial income and expenses for the year ended 31 December 2020 from the comparative period.

The financial year ended 31 December 2019 as compared to the financial year ended 31 December 2018

Aiforia's loss for the financial period amounted to EUR 3,053 thousand for the year ended 31 December 2019, representing an increase of EUR 944 thousand as compared to EUR 2,109 thousand for the year ended 31 December 2018. The increase in the loss was due to the factors described above in this section.

Financial position

Non-current and current assets

Assets in Aiforia's balance sheet amounted to EUR 15,271 thousand as at 30 June 2021, EUR 5,268 thousand as at 31 December 2020, EUR 4,238 thousand as at 31 December 2019 and EUR 5,580 thousand as at 31 December 2018.

Non-current assets

Aiforia's non-current assets consist mainly of development expenses.

The table below sets forth Aiforia's non-current assets as at the dates indicated.

	30 June	31 December			Change		
	2021	2020	2019	2018	H1 2021/2020	2020/ 2019	2019/ 2018
(EUR thousand)	(unaudited)		(audited)		(EUR thousand, unaudited)		
Non-current assets							
Development expenses	3,017	2,216	2,399	1,698	801	-183	701
Machinery and equipment	6	6	7	5	1	-2	3
Other tangible assets	-	-	22	27	-	-22	-5
Total non-current assets	**3,023**	**2,222**	**2,428**	**1,730**	**802**	**-207**	**698**

Aiforia's non-current assets amounted to EUR 3,023 thousand as at 30 June 2021, representing a change of EUR 802 thousand as compared to EUR 2,222 thousand as at 31 December 2020. The change in non-current assets was mainly due to the capitalised development expenses and their amortisation according to plan.

Aiforia's non-current assets amounted to EUR 2,222 thousand as at 31 December 2020 and EUR 2,428 thousand as at 31 December 2019. The change in non-current assets as at 31 December 2020 as compared to 31 December 2019 was mainly due to the capitalised development expenses and their amortisation according to plan.

Aiforia's non-current assets amounted to EUR 2,428 thousand as at 31 December 2019 and EUR 1,730 thousand as at 31 December 2018. The change in non-current assets as at 31 December 2019 as compared to 31 December 2018 was mainly due to higher capitalisation of product development expenses.

Current assets

Aiforia's current assets mainly consist of cash and cash equivalents.

The table below sets forth Aiforia's current assets as at the dates indicated.

	30 June	31 December			Change		
	2021	2020	2019	2018	H1 2021/2020	2020/ 2019	2019/ 2018
(EUR thousand)	(unaudited)	(audited)			(EUR thousand, unaudited)		
Current assets							
Trade receivables.........	153	263	122	9	-110	141	113
Other receivables	206	114	144	95	91	-30	49
Prepaid expenses and accrued income	163	757	28	19	-594	729	9
Cash and cash equivalents	11,726	1,912	1,515	3,727	9,814	397	-2,212
Total current assets...	**12,247**	**3,046**	**1,810**	**3,850**	**9,201**	**1,236**	**-2,041**

Aiforia's current assets amounted to EUR 12,247 thousand as at 30 June 2021, representing a change of EUR 9,201 thousand as compared to EUR 3,046 thousand as at 31 December 2020. The change in current assets was mainly due to the increase in cash and cash equivalents and the decrease in accrued subsidies. The increase in cash and cash equivalents resulted from the proceeds from a share issue amounting to EUR 12,599 thousand.

Aiforia's current assets amounted to EUR 3,046 thousand as at 31 December 2020 and EUR 1,810 thousand as at 31 December 2019. The change in current assets was mainly due to the increase in accrued income and cash and cash equivalents.

Aiforia's current assets amounted to EUR 1,810 thousand as at 31 December 2019 and EUR 3,850 thousand as at 31 December 2018. The change in current assets was mainly due to the decrease in cash and cash equivalents.

Equity and liabilities

Equity

Aiforia's equity consists of share capital, the reserve for invested unrestricted equity, retained earnings (losses) and loss for the financial period.

The table below sets forth Aiforia's equity as at the dates indicated.

	30 June	31 December			Change		
	2021	2020	2019	2018	H1 2021/2020	2020/ 2019	2019/ 2018
(EUR thousand)	(unaudited)	(audited)			(EUR thousand, unaudited)		
Equity							
Share capital	103	103	103	103	-	-	-
Reserve for invested unrestricted equity	23,389	10,790	7,788	7,788	12,599	3,003	-
Retained earnings (losses)	-10,048	-7,251	-4,297	-2,188	-2,798	-2,954	-2,109
Loss for the financial period	-2,343	-2,756	-3,053	-2,109	414	296	-944
Total equity	**11,101**	**886**	**541**	**3,593**	**10,215**	**345**	**-3,052**

Aiforia's equity amounted to EUR 11,101 thousand as at 30 June 2021, representing a change of EUR 10,215 thousand as compared to EUR 886 thousand as at 31 December 2020. The change in equity was due to the loss of EUR 2,343 thousand for the six month period ended 30 June 2021 and the proceeds of EUR 12,599 thousand from the share issue recognised in equity.

Aiforia's equity amounted to EUR 886 thousand as at 31 December 2020, representing a change of EUR 345 thousand as compared to EUR 541 thousand as at 31 December 2019. The change in equity was due to the loss of EUR 2,756 thousand for the year 2020 and the proceeds of EUR 3,003 thousand from the share issue recognised in equity.

Aiforia's equity amounted to EUR 541 thousand as at 31 December 2019 and EUR 3,593 thousand as at 31 December 2018. The change in equity was due to the loss of EUR 3,053 thousand for the year 2019.

Liabilities

The table below sets forth Aiforia's liabilities as at the indicated dates.

	30 June	31 December			Change		
	2021	**2020**	**2019**	**2018**	**H1 2021/2020**	**2020/ 2019**	**2019/ 2018**
(EUR thousand)	(unaudited)	(audited)			(EUR thousand, unaudited)		
Non-current liabilities							
Loans from financial institutions......................	2,706	2,706	2,206	1,119	-	500	1,087
Total non-current liabilities	**2,706**	**2,706**	**2,206**	**1,119**	**-**	**500**	**1,087**
Current liabilities							
Loans from financial institutions......................	-	500	-	205	-500	500	-205
Advances received	323	298	125	76	25	173	49
Trade payables............	400	395	426	347	5	-31	78
Other current liabilities	108	34	36	22	73	-2	14
Accruals and deferred income...........................	633	448	903	217	185	-455	687
Total current liabilities	**1,464**	**1,675**	**1,491**	**868**	**-212**	**185**	**623**
Total liabilities............	**4,170**	**4,382**	**3,697**	**1,987**	**-212**	**685**	**1,710**

Non-current liabilities

Aiforia's non-current liabilities consist of loans from financial institutions. The Company's loans are described in section "–*Liquidity and capital sources – Loans from financial institutions and grants received*".

Aiforia's non-current liabilities amounted to EUR 2,706 thousand as at 30 June 2021 and EUR 2,706 thousand as at 31 December 2020.

Aiforia's non-current liabilities amounted to EUR 2,706 thousand as at 31 December 2020 and EUR 2,206 thousand as at 31 December 2019. The change in non-current liabilities was due to new loans that were drawn amounting to EUR 1,000 thousand and the transfer of a loan amounting to EUR 500 thousand to current liabilities.

Aiforia's non-current liabilities amounted to EUR 2,206 thousand as at 31 December 2019 and EUR 1,119 thousand as at 31 December 2018. The change in non-current liabilities was due to new loans which were drawn.

Current liabilities

Aiforia's current liabilities consist of loans from financial institutions, advance payments received, trade payables, other current liabilities and accruals and deferred income.

Aiforia's current liabilities amounted to EUR 1,464 thousand as at 30 June 2021 and EUR 1,675 thousand as at 31 December 2020. The change in current liabilities was due to, among other things, the repayment of a short-term loan from financial institutions and the increase in advances received, trade payables and accruals and deferred income.

Aiforia's current liabilities amounted to EUR 1,675 thousand as at 31 December 2020 and EUR 1,491 thousand as at 31 December 2019. The change in current liabilities was due to, among other things, the transfer of a long-term loan from financial institutions to current liabilities, the increase in advances received and the decrease in trade payables and accruals and deferred income.

Aiforia's current liabilities amounted to EUR 1,491 thousand as at 31 December 2019 and EUR 868 thousand as at 31 December 2018. The change in the amount of current liabilities was due to, among other things, the repayment of a short-term loan from financial institutions and the increase in advances received, trade payables and accruals and deferred income.

Off-balance sheet commitments

Aiforia's off-balance sheet commitments consist of the lease liability related to the lease agreement on business premises and the potential liability for the repayment of recognised subsidies not confirmed as at the balance sheet date. For more information on the refund obligation relating to the grants see section "– *Liquidity and capital sources – Loans from financial institutions and grants received*".

	30 June	31 December			Change		
	2021	2020	2019	2018	H1 2021/2020	2020/ 2019	2019/ 2018
(EUR thousand)	(unaudited)	(audited)			(EUR thousand, unaudited)		
Lease commitments							
Payable during the following financial period	29	29	21	20	-	8	1
Other commitments							
EU H2020 grant, unaudited	1,768	923	923	-	845	-	923
NIY grant, unaudited	-	-	-	267	-	-	-267

Liquidity and capital sources

Overview

The Company has historically financed its business operations mainly with equity financing, loans from financial institutions and subsidies granted for projects. During the next 12 months, the Company's liquidity needs include operating expenses, product development investments into intangible and tangible assets and possible loans to subsidiaries. The Company's loans are described in section "– *Loans from financial institutions and grants received*" below. Historically, the Company's trade receivables and payables have not been material for reviewing the equity available for the Company's purposes. In accordance with its business model, the Company expects to invoice licensing fees and service fees related to them in advance also in the future, and therefore advance payments received are expected to increase in line with the growth of the business, having a negative effect on the need for working capital.

Cash flows

The table below sets forth a summary of Aiforia's cash flows for the period indicated:

	Six months ended 30 June		Financial year ended 31 December			Change		
	2021	2020	2020	2019	2018	H1 2021/ H1 2020	2020/ 2019	2019/ 2018
(EUR thousand)	(unaudited)		(audited)			(EUR thousand, unaudited)		
Cash flow from operating activities	-1,548	-1,625	-2,866	-2,495	-1,459	77	-371	-1,036
Cash flow from investing activities	-392	-298	-749	-593	-891	-94	-156	298
Cash flow from financing activities	11,757	1,634	4,003	882	378	10,123	3,121	504
Change in cash and cash equivalents	**9,817**	**-289**	**388**	**-2,205**	**-1,972**	**10,106**	**2,593**	**-233**

Excluding the financing round and the additional loan tranche withdrawn described in section "– *Recent events*" above, there have been no significant changes in Aiforia's cash flows between 30 June 2021 and the date of this Offering Circular.

Cash flow from operating activities

Aiforia's cash flow from operating activities amounted to EUR -1,548 thousand for the six months ended 30 June 2021, representing a change of EUR 77 thousand as compared to EUR -1,625 thousand for the six months ended 30 June 2020. The change was mainly due to the increase in expenses.

Cash flow from operating activities amounted to EUR -2,866 thousand for the year ended 31 December 2020, representing a change of EUR -371 thousand as compared to EUR -2,495 thousand for the year ended 31 December 2019. The change was mainly due to the increase in non-interest bearing receivables and expenses.

Cash flow from operating activities amounted to EUR -2,495 thousand for the year ended 31 December 2019, representing a change of EUR -1,036 thousand as compared to EUR -1,459 thousand for the year ended 31 December 2018. The change was mainly due to an increase in expenses.

Cash flow from investing activities

Aiforia's cash flow from investing activities amounted to EUR -392 thousand for the six months ended 30 June 2021, representing a change of EUR -94 thousand as compared to EUR -298 thousand for the six months ended 30 June 2020. The change was mainly due to the capitalisation of development expenses and a change in the subsidies granted for investments.

Cash flow from investing activities amounted to EUR -749 thousand for the year ended 31 December 2020, representing a change of EUR -156 thousand as compared to EUR -593 thousand for the year ended 31 December 2019. The change mainly resulted from lower capitalisation of development expenses and also the decrease in subsidies granted for investments.

Cash flow from investing activities amounted to EUR -593 thousand for the year ended 31 December 2019, representing a change of EUR 298 thousand as compared to EUR -891 thousand for the year ended 31 December 2018. The change mainly resulted from higher capitalisation of development expenses and the increase in subsidies granted for investments.

Cash flow from financing activities

Aiforia's cash flow from financing activities amounted to EUR 11,757 thousand for the six months ended 30 June 2021, representing a change of EUR 10,123 thousand as compared to EUR 1,634 thousand for the six months ended 30 June 2020. The change was mainly due to the proceeds from a share issue.

Cash flow from financing activities amounted to EUR 4,003 thousand for the year ended 31 December 2020, representing a change of EUR 3,121 thousand as compared to EUR 882 thousand for the year ended 31 December 2019. The change was mainly due to the proceeds from a share issue and loans drawn from financial institutions.

Cash flow from financing activities amounted to EUR 882 thousand for the year ended 31 December 2019, representing a change of EUR 504 thousand as compared to EUR 378 thousand for the year ended 31 December 2018. The change was mainly due to the loans drawn from financial institutions.

Loans from financial institutions and grants received

As at the date of this Offering Circular, the Company has entered into agreements with the State Treasury on product development loans granted by Business Finland (previously, Tekes), as well as the Young Innovative Companies loan agreements and subsidy agreements for research and development activities. Loans from the State Treasury amounted to EUR 2,706 thousand as at 30 June 2021, including the product development loans and Young Innovative Companies loans granted to the Company in 2015–2020.

Business Finland's general terms and conditions for product development loans are applied to the terms and conditions of the loans granted by the State Treasury. They contain special terms and limitations relating to, among other things, expenses that can be covered by the loan capital, monitoring and reporting of the projects for which the loan was granted, as well as limitations on the sale, transfer or disposal of the project funded with the loan capital and the business or intellectual property rights based on it. In certain cases, measures relating to the results of the projects, including mergers and acquisitions, require prior consent from the party that granted the loan. According to the terms and conditions, the loans are not repaid during the first three or five years depending on the loan agreement, and after this, the loans mature in annual instalments. The interest rate on the loans equals the basic interest rate confirmed by the Ministry of Finance in effect from time to time less three percentage points, or at least 1 percent.

Under the terms and conditions of Business Finland's subsidies for research and development activities, Business Finland may claw back the subsidies in part and in full within 10 years from the payment of the last project funding instalment. In general, these clawback clauses are related to, among other things, non-compliance with the funding agreement and significant weakening of the Company's financial position. The Company must notify Business Finland in advance if significant changes occur in the business during the project or within five years from the payment of the last project funding instalment. Should the Company fail to submit such notification, Business Finland has the right to claw back the paid funding.

The Company has notified Business Finland of the planned Listing and Offering, and on 15 September 2021, Business Finland confirmed that it does not object to the Listing and the Offering and will keep its financing decisions on the Company in effect.

In addition, in 2019 the Company entered into a Horizon 2020 grant agreement with the Executive Agency for Small and Medium-sized Enterprises (EASME) operating under the European Commission. Subsidies based on the grant agreement can amount to approximately EUR 2.1 million at the maximum. Additionally, the Company takes part in Decider project coordinated by the University of Helsinki under Horizon 2020 programme. In this five-year project the Company's share is EUR 400 thousand. The grant agreements include special terms and limitations pertaining to, among other things, expenses which can be covered by the grant, monitoring of and reporting on the funded project and protection of the results of the funded project.

Liquidity

Aiforia's sources of liquidity include cash flow from operating activities, equity financing and loans from financial institutions. Aiforia's cash and cash equivalents amounted to EUR 15,225 thousand as at 30 September 2021 (EUR 11,726 thousand as at 30 June 2021 and EUR 1,912 thousand as at 31 December 2020). Aiforia's cash and cash equivalents consist of bank deposits.

Aiforia's interest-bearing debt consists mainly of loans from financial institutions. Aiforia's interest-bearing debt amounted to EUR 2,895 thousand as at 30 September 2021 (EUR 2,706 thousand as at 30 June 2021 and EUR 3,206 thousand as at 31 December 2020), and its net debt was EUR -12,330 thousand (EUR -9,020 thousand as at 30 June 2021 and 1,295 thousand as at 31 December 2020).

Cash and cash equivalents on 30 September 2021 have increased compared to the situation as at 30 June 2021 due to the financing round described in the section "– *Recent events*".

Maturity of the Company's loans

The table below illustrates the maturities of the Company's loans as at 30 June 2021:

Maturity of loans	**<1 year**	**1–2 years**	**2–5 years**	**>5 years**
(EUR thousand)		(unaudited)		
Loans from financial institutions	-	379	1,589	738

Capital expenditures

Aiforia's capital expenditures are described in section "*Business overview – Material investments*".

Financial risk management

Aiforia's financial risk management aims to minimise the negative impacts of changes in the financial markets on its consolidated income, balance sheet and cash flows. Aiforia's CEO and CFO are responsible for Aiforia's financial risk management. Aiforia is exposed to the liquidity risk, credit and counter-party risk and foreign exchange rate risk in its business operations.

The summary below describes Aiforia's financial risks, as well as the targets and measures for their management.

Liquidity risk

Aiforia's executive management monitors the liquidity risk and reports on it regularly to Aiforia's Board of Directors. The executive management monitors the amount of financing required by the business operations by analysing cash flow forecasts and the payment periods of trade receivables in order to ensure that the Company has sufficient liquid funds for the needs of the business and the repayment of maturing loans.

Credit and counterparty risk

Aiforia's credit risk arises from the credit related to trade receivables and the counter-party risks related to cash and cash equivalents. These risks are managed by regularly monitoring counterparty risks related to customers, banks and depositees and their credit ratings, as well as by diversifying cash and cash equivalents from time to time appropriately between banks and depositees.

Foreign exchange rate risk

Aiforia also sells its services in other currencies than the euro, such as in the U.S. dollar. At present, Aiforia does not hedge its receivables denominated in foreign currencies. The need for hedging is monitored regularly and hedging will be initiated when it is justified by business reasons.

Dividends and dividend policy

Aiforia's business has been unprofitable so far, and due to this, it has not distributed any dividends. In the near future, the Company expects to focus on financing its growth and commercialisation plan and development of its business. The Company does not expect to distribute dividends in the short or medium term. In the long term, the Company's dividends and their distribution will be linked to the Company's' results of operations and financial position.

BOARD OF DIRECTORS AND MANAGEMENT TEAM

General

Pursuant to the provisions of the Finnish Companies Act, the control and management of Aiforia are divided between the General Meeting of the Shareholders and the Board of Directors. The ultimate decision-making authority lies with the shareholders at the Annual General Meeting, which appoints the members of the Board of Directors and the Company's auditor. The Board of Directors is responsible for the administration and the proper organisation of the operations of the Company. The duties and accountability of the Board of Directors are determined primarily under Company's Articles of Association and the Finnish Companies Act. The procedure and rules of the Board of Directors of Aiforia are described in the charter adopted by the Board of Directors. The Company's Chief Executive Officer (the "**CEO**") and the possible deputy CEO are appointed by Aiforia's Board of Directors. In addition, the Management Team assists the CEO in the operations of the Company.

Corporate governance

In addition to the applicable legislation governing limited companies, Aiforia complies with the Code of Conduct and other policies defined by it. After the listing, Aiforia will also comply with the First North Rules.

Board of Directors

Pursuant to the Articles of Association of Aiforia, the Company's Board of Directors consists of four to seven ordinary members and the term of office of board members ends at the close of the next Annual General Meeting following their election. The Board of Directors constitutes a quorum when more than half of its elected members are present. Members with a conflict of interest are excluded when determining the quorum.

In addition to the duties defined in laws and regulations and Aiforia's Articles of Association, the duties of Aiforia's Board of Directors include the following:

- to guide and supervise Aiforia's management and operations;
- to decide on significant matters pertaining to Aiforia's operations;
- to review and approve Aiforia's half-yearly reports, annual reports and financial statements;
- to determine and approve Aiforia's strategy, operating plan and certain policies and practices of Aiforia, as well as to monitor their implementation;
- to decide on significant business acquisitions, investments and divestments; and
- to define Aiforia's dividend policy.

Aiforia's Board of Directors convenes according to a schedule agreed in advance and as needed. The Board of Directors receives up-to-date information on Aiforia's operations, finance and risks in its meetings. In addition to its members, the CEO and, when necessary, the Chief Financial Officer and the Chief Operating Officer attend the meetings of the Board of Directors. Minutes are kept of all meetings of the Board of Directors.

The table below sets forth the members of Aiforia's Board of Directors as at the date of this Offering Circular:

Name	Position	First elected to the Board of Directors
Pekka Mattila	Chairman of the Board	2013
Monita Au Kin Lai	Member of the Board	2017
Johan Lundin	Member of the Board	2013
John Sweeney	Member of the Board	2021
John Wellbank	Member of the Board	2021
David Oliver	Deputy Member of the Board	2018
Mikael Lundin	Deputy Member of the Board	2013
Kari Pitkänen	Deputy Member of the Board	2013
Tuomas Tenkanen	Deputy Member of the Board	2013

Pekka Mattila (born 1959) has served as the Chairman of Aiforia's Board of Directors since 2013. In addition, Mattila serves as the CEO of Desentum Oy, as the Chairman of the Board of Directors of Master Golf Course Oy Ab and as member of the Board of Directors of Oy Medix Biochemica Ab, TILT Biotherapeutics Oy and Musta Aukko Oy. During the previous five years, Mattila has also acted as the Chairman of the Board of Directors of Herantis Pharma Oyj and as a member of the Board of Directors of Mobidiag Oy. Mattila holds a Master's degree in Technology from the Helsinki University of Technology. Mattila is a Finnish citizen.

Monita Au Kin Lai (born 1959) has served as a member of Aiforia's Board of Directors since 2017. In addition, Au Kin Lai serves as the CEO of Ascend Capital Partners and Best Genetics Group and as a member of the Board of Directors of Grundium Oy and as an advisor at One Heart, One Sphere. Au Kin Lai holds a Master of Science degree in Accounting (CPA) from the Baruch College. Au Kin Lai is a citizen of Hong Kong.

Johan Lundin (born 1964) has served as a member of Aiforia's Board of Directors since 2013. In addition, Lundin acts as an scientific advisor at Aiforia, research director and a member of the steering group at the Finnish Institute of Molecular Medicine, professor of Medical Technology at Karolinska Institute and a member of the Committee of Advisors of the European Society of Digital and Integrative Pathology. During the past five years, Lundin has served as scientific director at Aiforia. Lundin holds Doctor of Medicine and Doctor of Philosophy degrees from the University of Helsinki. Lundin is a Finnish citizen.

John Sweeney (born 1970) has served as a member of Aiforia's Board of Directors since 2021. In addition, Sweeney serves as the director of Epredia business at PHC Holdings Corporation. During the previous five years, Sweeney has also acted as the Senior Vice President & General Manager of Pall Corporation and Beckman Coulter. Sweeney holds a Bachelor of Science degree in Economics from the University of Pennsylvania and an MBA degree from the Dartmouth College. Sweeney is a citizen of the United States.

John Wellbank (born 1954) has served as a member of Aiforia's Board of Directors since 2021. In addition, Wellbank serves as a member of the Board of Directors of Digital Pathology Association and as the President of Pathology Association Foundation. During the previous five years, Wellbank has also acted as the Global Head of Sales, Marketing and Service, Philips Digital Pathology Solutions at Phillips. Wellbank holds a Bachelor of Science degree in Economics from the Illinois State University and an MBA degree from the Xavier University. Wellbank is a citizen of the United States.

David Oliver (born 1954) has served as a deputy member of Aiforia's Board of Directors since 2018. In addition, Oliver serves as a member of the Board of Directors of Grundium Oy and also owns Orienz Ltd. Oliver holds a Bachelor of Commerce (Marketing & Economics) degree from the Lincoln University. Oliver is a citizen of New Zealand.

Mikael Lundin (born 1968) has served as a deputy member of Aiforia's Board of Directors since 2017.Prior to this, Lundin served as a board member of Aiforia from 2013 to 2017. Lundin also holds the role of Director of Concept Design of Aiforia and Lundin has previously served as Chief Technology Officer of Aiforia in the past five years. Lundin holds a Doctor of Medicine degree from the University of Helsinki. Lundin is a Finnish citizen.

Kari Pitkänen (born 1960) has served as a deputy member of Aiforia's Board of Directors since 2021 and as Director of Business Development since 2013. Pitkänen also serves as a member of the Board of Directors of Scellex Oy and Genna Health Ltd. In the past five years, Pitkänen has also served as a member of the Board of Directors of Aiforia. Pitkänen holds a Master of Science degree from the Helsinki University of Technology. Pitkänen is a Finnish citizen.

Tuomas Tenkanen (born 1961) has served as a deputy member of Aiforia's Board of Directors since 2017 Prior to this, Tenkanen served as a member of the Board of Directors of Aiforia from 2013 to 2017. In addition, Tenkanen serves as Managing Director of Mobidiag Ltd and Chairman of the Board of Directors of TJT Technologies Ltd. In the past five years, Tenkanen has served as a member of the Board of Directors of Mobidiag Ltd. Tenkanen holds a Master of Science degree from the Helsinki University of Technology. Tenkanen is a Finnish citizen.

Committees of the Board of Directors

The Board of Directors may establish permanent committees to assist the Board of Directors in the preparation and performance of its tasks and duties, and decide on their size, composition and duties. As at the date of this Offering Circular, Aiforia does not have any committees. The Board of Directors of Aiforia is however planning to establish an audit and a remuneration committee at a later date.

The committees of the Board of Directors would not have independent decision-making power in matters within the competence of the Board of Directors but they would assist the Board of Directors by preparing such matters. The committees will report regularly their activities to the Board of Directors.

The CEO and the Group Management Team

The CEO is responsible for the management, guidance and supervision of Aiforia's business operations. In addition, the CEO is responsible for the day-to-day executive management of Aiforia in accordance with the instructions and orders given by the Board of Directors. In addition, the CEO shall ensure that Aiforia's accounting practices comply with the Finnish legislation and that its financials have been arranged in a reliable manner. The duties of the CEO are governed primarily by the Finnish Companies Act. The CEO shall provide the Board of Directors and its members with the information necessary for the performance of the duties of the Board of Directors.

The Board of Directors appoints and dismisses the CEO. The Board of Directors decides on the terms and conditions of the CEO's employment, and they are defined in a written service agreement. In addition, the Board of Directors decides on the remuneration of the members of the Management Team.

The duty of Aiforia's Management Team is to support the CEO in the planning of the operations and operational management. In addition, the Management Team prepares possible investments, business acquisitions and development projects. Aiforia's Management Team convenes regularly.

The table below sets forth the members of the Management Team as at the date of this Offering Circular.

Name	Position	Member of Management Team since
Jukka Tapaninen	CEO	2020
Kaisa Helminen	Chief Operating Officer	2014
Kari Pitkänen	Director of Business Development	2013
Tuomas Ropponen	Chief Technology Officer	2017
Veli-Matti Parkkonen	Chief Financial Officer	2021

Jukka Tapaninen (born 1963) has served as Aiforia's CEO since 2020. In addition, Tapaninen serves as a member of the Board of Directors of QPR Oyj, Meshworks Wireless Oy and WeVision Oy. During the previous five years, Tapaninen has also acted as the Chairman of the Board of Directors of Addoro Ab, as the Vice President at Pegasystems Inc and SAP and as a member of the Board of Directors of Aiforia. Tapaninen holds a Master's degree in Business Administration from the Helsinki School of Economics. Tapaninen is a Finnish citizen.

Kaisa Helminen (born 1975) has served as Aiforia's Chief Operating Officer since 2020 and as a member of the Management Team since 2014. Helminen acted previously as Aiforia's CEO from 2014 to 2020. Helminen holds a Master of Science (Biochemistry) from the University of Helsinki. Helminen is a Finnish citizen.

Kari Pitkänen (born 1960), for more information, see section "– *Board of Directors*" above.

Tuomas Ropponen (born 1978) has served as Aiforia's Chief Technology Officer since 2017. Prior to this, Ropponen has served as Platform owner at Aiforia from 2016 to 2017. Ropponen holds a Master's degree in Technology from the Helsinki University of Technology.

Veli-Matti Parkkonen (born 1963) has served as Aiforia's Chief Financial Officer since 2021. In addition, Parkkonen serves as the Chairman of the Board of Directors of 3-Stiernet Oy and as a member of the Board of Directors of Suonenjoen Kone ja Rauta Oy. During the previous five years, Parkkonen has also acted as a member of the Board of Directors of BCB Medical Oy, Finesco Capital Oy and Yeford Oy. Parkkonen holds a Master's degree in Business Administration from the Turku School of Economics. Parkkonen is a Finnish citizen.

Business Address

The business address of the Board of Directors, the President and CEO and the members of the Management Team is Aiforia Technologies Plc, Tukholmankatu 8, FI-00290 Helsinki, Finland.

Statement on Aiforia's Board of Directors and the management

As at the date of this Offering Circular, the members of the Board of Directors or the Management Team or the Company's CEO have not during the five previous years:

- been convicted in relation to fraudulent offences or minor offences;
- held an executive function, been included in the executive management, or been a member of the administrative management or supervisory bodies of any company, or acted as a general partner with individual liability in a limited partnership at the time of or preceding any bankruptcy, receivership, administration of an estate or liquidation; or
- been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including any designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

Johan Lundin, a member of the Board of Directors of Aiforia is the brother of Mikael Lundin, a deputy member of the Board of Directors of Aiforia. Notwithstanding the aforementioned, there are no family relationships between the members of the Board of Directors, the CEO and the members of the Management Team.

Conflicts of interest

Provisions regarding the conflicts of interest of the management of a Finnish company are set forth in the Finnish Companies Act. Pursuant to Chapter 6, Section 4 of the Finnish Companies Act, a member of the Board of Directors may not participate in the handling of a contract between himself or herself and the company. Further, a member of the Board of Directors may not participate in the handling of a contract between himself or herself and a third party, if he or she is expected to gain from it a significant benefit, which may be in conflict with the company's interests. This provision also applies to any other legal act, legal proceeding or other similar matter. Further, this provision also applies to the CEO.

To the knowledge of Aiforia, the members of the Board of Directors, the CEO or the members of the Management Team do not have any conflicts of interests between their duties relating to Aiforia and their private interests and/or their other duties, except for the Shares held by them directly or indirectly.

Based on the independence review, the members of the Board of Directors are considered to be independent of the Company and significant shareholders of the Company, except for Johan Lundin, who is not independent of the Company, Monita Au Kin Lai, who is not independent of the Company's significant shareholder Ascend Tapio S.a.r.l., as well as John Sweeney and John Wellbank, who are not independent of the Company's significant shareholder, Shandon Diagnostics Limited. In addition, based on the independence review, the deputy members of the Board of Directors Kari Pitkänen and Mikael Lundin are not considered to be independent of the Company and David Oliver is not considered to be independent of the Company's significant shareholder Ascend Tapio S.a.r.l.

Holdings of Shares by members of the Board of Directors and the Management Team

As at the date of this Offering Circular, the members of Aiforia's Board of Directors, CEO and members of the Management Team hold 5,891,100 Shares, representing approximately 29.5 per cent of Aiforia's Shares and votes.

The table below sets forth the number of Shares held by the members and deputy members of Aiforia's Board of Directors and Management Team as at the date of this Offering Circular:

Name	Position	Shares, total	Shares, %
The Board of Directors			
Pekka Mattila	Chairman of the Board	840,650[1]	4.21
Monita Au Kin Lai	Member of the Board	0	0
Johan Lundin	Member of the Board	1,414,150	7.08
John Sweeney	Member of the Board	0	0
John Wellbank	Member of the Board	0	0
David Oliver	Deputy Member of the Board	0	0
Mikael Lundin	Deputy Member of the Board	1,414,150	7.08
Tuomas Tenkanen	Deputy Member of the Board	248,150[2]	1.24
The Management Team			
Jukka Tapaninen	Chief Executive Officer	548,300	2.75
Kaisa Helminen	Chief Operating Officer	145,700	0.73
Kari Pitkänen	Director of Business Development, Deputy Member of the Board	1,260,000	6.31
Tuomas Ropponen	Chief Technology Officer	5,000	0.03
Veli-Matti Parkkonen	Chief Financial Officer	15,000	0.08
In total		**5,891,100**	**29.49**

[1] Indirect Ownership through Musta Aukko Oy.
[2] Indirect Ownership through TJT Technologies Oy.

The table below sets forth the number of option rights held by the members of Aiforia's Board of Directors and Management Team as at the date of this Offering Circular:

Name	Position	Total number of option rights	Number of Shares which can be subscribed for with the option rights[(1)]
The Board of Directors			
Pekka Mattila[(2)]..........................	Chairman of the Board	3,400	170,000
Monita Au Kin Lai	Member of the Board	0	0
Johan Lundin	Member of the Board	400	20,000
John Sweeney	Member of the Board	0	0
John Wellbank	Member of the Board	0	0
David Oliver	Deputy Member of the Board	0	0
Mikael Lundin...........................	Deputy Member of the Board	1,800	90,000
Tuomas Tenkanen	Deputy Member of the Board	700	35,000
The Management Team			
Jukka Tapaninen......................	Chief Executive Officer	14,580	729,000[(3)]
Kaisa Helminen........................	Chief Operating Officer	6,816	340,800
Kari Pitkänen............................	Director of Business Development, Deputy Member of the Board	0	0
Tuomas Ropponen...................	Chief Technology Officer	2,900	145,000
Veli-Matti Parkkonen................	Chief Financial Officer	2,000	100,000
In total		**32,236**	**1,611,800**

(1) The options entitle to subscribe to series A shares of the Company. Following the combination of the Company's share series, the options entitle to the sole series of shares in Aiforia. For the information on the combination of the Company's share series, see: "*Shares and share capital – Changes to the Shares and share capital to be made before the Listing*".

(2) Through his controlling entity Musta Aukko Oy.

(3) Jukka Tapaninen has informed the Company of his intention to subscribe for all shares which can be subscribed for based on the option rights granted to him, i.e., 729,000 shares, after the Listing.

Remuneration of the management

Remuneration of the Board of Directors

Pursuant to the Limited Liability Companies Act, the General Meeting decides upon the remuneration paid to the members of the Board of Directors, as well as the basis for it. No remuneration has been paid to the members of the Board of Directors. The shareholders of Aiforia have on 20 September 2021 decided that each member of the Board of Directors will each receive an annual remuneration of EUR 20,000, excluding the Chairman of the Board of Directors, who will receive an annual remuneration of EUR 40,000 and a possible deputy Chairman of the Board of Directors, who will receive an annual remuneration of EUR 25,000. In addition, the members of the Board of Directors are reimbursed for reasonable travel expenses associated with Board work. In accordance with the shareholder resolution, the annual remuneration is paid in quarterly instalments, and is conditional on the completion of the Listing and the Offering. For more information on the option rights issued to members of the Board of Directors, see section "*– Holdings of Shares by members of the Board of Directors and the Management Team*".

Remuneration of the members of the Management Team and the CEO

The Board of Directors decides upon the remuneration the CEO and the Management Team and the basis of it. No additional pension arrangements have been made regarding the members of the Board of Directors and the Management team. The term of notice of the members of the Management Team is one to six months. In the event of the termination of the employment contract by Aiforia, of the members of the Management Team Jukka Tapaninen and Kaisa Helminen, are entitled to a severance fee equivalent to six months' total salary under certain conditions.

The table below sets forth the salaries and rewards paid to the CEO and the members of the Management Team for the periods indicated.

(EUR thousand)	1 January to 30 June 2021	1 January to 31 December 2020	1 January to 31 December 2019	1 January to 31 December 2018
CEO				
Salary and fees of the CEO	132	149(1)	101	101
Management Team				
Salary and fees of the Management team..	228	239	175	174

(1) The CEO of the Company has changed on 1 July 2020.

Incentive schemes and restrictions on disposal of Shares

Incentive schemes

Following the combination of the Company's share series, all options described in this section entitle to the shares of Aiforia's only share series. For more information on the combination of the Company's share series, see "*Shares and share capital – Option rights and other special rights entitling to Shares*". For more information on options programs is also included in the section "*Shares and share capital – Option rights and other special rights entitling to Shares – Option rights*".

Option rights marked with identifier 2016 A

The Board of Directors of Aiforia has established the option program 2016 A for its key individuals as part of the Company's share-based commitment and incentive scheme. Based on the authorisation the Board of Directors received from the Company's Annual General Meeting of Shareholders on 28 April 2015, the Board of Directors of Aiforia has decided on 19 February 2016 to issue option rights entitling to a total of up to 11,900 series A shares of the Company without consideration to certain key individuals of the Company. The terms of the option rights have been amended in connection with the Company's shareholders' resolution of 20 September 2021 on the share split so that one option right entitles to subscribe to 50 shares of the Company's new shares or shares in possession of the Company. The option rights issued entitle to subscribe to a total of up to 465,000 new series A shares of the Company or shares in possession of the Company, taking into account the share subscriptions made based on the option rights by the date of this Offering Circular. Subscription periods of shares to be subscribed pursuant to the option rights have commenced on 1 July 2016 and 1 July 2017 and the subscription period expires on 31 December 2025 at the latest. Option rights cannot be transferred or pledged without written permission of the Company's Board of Directors.

Option rights marked with identifier 2016 B

The Board of Directors of Aiforia has created the option program 2016 B for its key individuals as part of the Company's share-based commitment and incentive scheme. Based on the authorisation the Board of Directors received from the Company's Annual General Meeting of Shareholders on 28 April 2015, the Board of Directors of Aiforia has decided on 9 May 2016 to issue option rights entitling to a total of up to 2,000 series A shares of the Company without consideration to the CTO of the Company. The terms of the option rights have been amended in connection with the Company's shareholders' resolution of 20 September 2021 on the share split so that one option entitles to subscribe to 50 shares of the Company's new shares or shares in possession of the Company. The option rights issued entitle to subscribe to a total of up to 95,000 new series A shares of the Company or shares in possession of the Company, taking into account the share subscriptions made based on the option rights by the date of this Offering Circular. Subscription periods of shares to be subscribed pursuant to the option rights have commenced on 1 June 2017 and 1 June 2018 and the subscription period expires on 31 December 2025 at the latest. Option rights cannot be transferred or pledged without written permission of the Company's Board of Directors.

Option rights marked with identifier 2018 I

The Board of Directors of Aiforia has created the option program 2018 I for key persons as part of the Company's share-based commitment and incentive scheme. Based on the authorisation the Board of Directors received from the unanimous resolution of the Company's shareholders on 22 November 2017, the Board of Directors of Aiforia has decided on 2 October 2018 to issue option rights entitling to a total of up to 8,000 series A shares of the Company without consideration to certain key individuals of the Company. The terms of the option rights have been amended in connection with the Company's shareholders' resolution of 20 September 2021 on the share split so that one option right entitles to subscribe to 50 shares of the Company's new shares or shares in possession of the Company. The option rights issued entitle to subscribe to a total of up to 323,500 new series A shares of the Company or shares in possession of the Company, taking into account the share subscriptions made based on the option rights by the date of this Offering Circular. Subscription periods of shares to be subscribed pursuant to the option rights have commenced on 2 October 2018 and the subscription period expires on 31 December 2025 at the latest. Option rights cannot be transferred or pledged without written permission of the Company's Board of Directors.

Option rights marked with identifier 2019 I

The Board of Directors of Aiforia has created the option program 2019 I for its key individuals as part of the Company's share-based commitment and incentive scheme. Based on the authorisation the Board of Directors received from the unanimous resolution of the Company's shareholders on 22 November 2017, the Board of Directors of Aiforia has decided on 27 September 2019 to issue option rights entitling to a total of up to 1,500 series A shares of the Company without consideration to certain key individuals of the Company. The terms of the option rights have been amended in connection with the Company's shareholders' resolution of 20 September 2021 on the share split so that one option right entitles to subscribe to 50 shares of the Company's new shares or shares in possession of the Company. The option rights issued entitle to subscribe to a total of up to 75,000 new series A shares of the Company or shares in possession of the Company, taking into account the share subscriptions made based on the option rights by the date of this Offering Circular. Subscription periods of the shares to be subscribed pursuant to the options have commenced on 1 October 2019 and the subscription period expires on 31 December 2025 at the latest. Option rights cannot be transferred or pledged without written permission of the Company's Board of Directors.

Option rights marked with identifier 2020 I

The Board of Directors of Aiforia has created the option program 2020 I for its key individuals as part of the Company's share-based commitment and incentive scheme. Based on the authorisations given by the Company's shareholders with an unanimous resolution on 22 November 2017 and the Company's Annual General Meeting on 3 May 2018 the Board of Directors of Aiforia has decided on 30 March 2020 to issue option rights entitling to a total of up to 7,052 series A shares of the Company without consideration to certain key individuals of the Company. Of these option rights, 803 have returned to the Company. The terms of the options have been amended upon Company's shareholders' resolution of 20 September 2021 on the share split so that one option right entitles to subscribe to 50 shares of the Company's new shares or shares in possession of the Company, taking into account the share subscriptions made based on the option rights by the date of this Offering Circular. The option rights issued entitle to subscribe to a total of up to 333,300 new series A shares of the Company or shares in possession of the Company. Subscription periods of the shares to be subscribed pursuant to the option rights have commenced on 1 January 2019 and the subscription period expires on 31 December 2025 at the latest. Option rights cannot be transferred or pledged without written permission of the Company's Board of Directors.

Option rights marked with identifier 2020 II

The Board of Directors of Aiforia has created the option program 2020 II for its key individuals as part of the Company's share-based commitment and incentive scheme. Based on the authorisation the Board of Directors received from the Company's Annual General Meeting of Shareholders on 3 May 2018, the Board of Directors of Aiforia has decided on 20 August 2020 to issue option rights entitling to a total of up to 3,016 series A shares of the Company without consideration to the CEO of the Company. The terms of the options have been amended upon Company's shareholders' resolution of 20 September 2021 on the share split so that one option right entitles to subscribe to 50 shares of the Company's new shares or shares in possession of the Company. The option rights issued entitle to subscribe to a total of up to 150,800 new series A shares of the Company or shares in possession of the Company, taking into account the share subscriptions made based on the option rights by the date of this Offering Circular. Subscription period of shares to be subscribed pursuant to the options has commenced on 5 January 2021 and the subscription period expires on 31 December 2025 at the latest. Option rights cannot be transferred or pledged without written permission of the Company's Board of Directors.

Option rights marked with identifiers 2021 I and 2021 II

The Board of Directors of Aiforia has created the option programs 2021 I and 2021 II for its key individuals as part of the Company's share-based commitment and incentive scheme. Based on the authorisations the Board of Directors received from Company's Annual General Meetings on 3 May 2018 and on 25 April 2019, the Board of Directors of Aiforia has decided on 29 January 2021 to issue option rights entitling to a total of up to 6,350 series A shares of the Company without consideration to certain key individuals of the Company. The terms of the options have been amended in connection with the Company's shareholders' resolution of 20 September 2021 on the share split so that one option right entitles to subscribe to 50 shares of the Company's new shares or shares in possession of the Company. The option rights issued entitle to subscribe to a total of up to 189,150 (2021 I) and 125,000 (2021 II) new series A shares of the Company or shares in possession of the Company, taking into account the share subscriptions made based on the option rights by the date of this Offering Circular. Subscription period of shares to be subscribed pursuant to the option rights have commenced on 1

January 2020 and the subscription periods expire on 31 December 2025 at the latest. Option rights cannot be transferred or pledged without written permission of the Company's Board of Directors.

Option rights marked with identifiers 2021 III and IV

The Board of Directors of Aiforia has created the option programs 2021 III and 2021 IV for its key individuals as part of the Company's share-based commitment and incentive scheme. Based on the authorisations the Board of Directors received from Company's Annual General Meetings on 25 April 2019 and on 27 May 2020, the Board of Directors of Aiforia has decided on 2 June 2021 to issue option rights entitling to a total of up to 5,316 series A shares of the Company without consideration to certain key individuals of the Company. The terms of the option rights have been amended in connection with the Company's shareholders' resolution of 20 September 2021 on the share split so that one option entitles to subscribe to 50 shares of the Company's new shares or shares in possession of the Company. The option rights issued entitle to subscribe to a total of up to 150,800 (2021 III) and 100,000 (2021 IV) new series A shares of the Company or shares in possession of the Company, taking into account the share subscriptions made based on the option rights by the date of this Offering Circular. Subscription periods of the to be subscribed shares pursuant to the option rights have commenced on 1 June 2021 and the subscription periods expire on 31 December 2025 at the latest. Option rights cannot be transferred or pledged without written permission of the Company's Board of Directors.

Option rights marked with identifier 2021 V

The Board of Directors of Aiforia has created the option program 2021 V for its key individuals. The objective of this option program is to act as the Company's CEO's commitment and incentive scheme. Based on the authorisation the Board of Directors received from the Company's Annual General Meetings on 27 May 2020 and on 29 June 2021, the Board of Directors of Aiforia has decided on 21 September 2021 to issue option rights entitling to a total of up to 603,200 series A shares of the Company without consideration to the CEO of the Company. Taking into account the share subscriptions made based on the option rights by the date of this Offering Circular, the option rights entitle to subscribe for in total a maximum of 603,200 new series A shares of the Company or series A shares in possession of the Company. Subscription period of the shares to be subscribed pursuant to the option rights has commenced on 28 September 2021 and the subscription period expires on 21 September 2026 at the latest. Option rights cannot be transferred or pledged without written permission of the Company's Board of Directors.

Restrictions on disposal of Shares

All of Aiforia's current shareholders have entered into a shareholders' agreement concerning Aiforia, dated 26 May 2021, which includes customary provisions relating to sale and other transfers of the shares. The shareholder agreement will terminate upon the completion of the Listing.

The restrictions on the disposal of the shares are described in section "*Terms and conditions of the Offering – General terms and conditions of the Offering – Lock-up*".

Directorships and partnerships

The members of Aiforia's Board of Directors and Management Team hold or have held the following directorships and/or have been a partner in the following partnerships in the five years prior to the date of this Offering Circular:

Name	Present directorships/partnerships	Previous directorships/ partnerships
Board of Directors		
Pekka Mattila..	Desentum Oy Master Golf Course Oy Ab Oy Medix Biochemica Ab TILT Biotherapeutics Oy Musta Aukko Oy	Herantis Pharma Oyj Mobidiag Oy
Monita Au Kin Lai	Ascend Capital Partners Best Genetics Group Grundium Oy One Heart, One Sphere	
Johan Lundin...	Finnish Institute of Molecular Medicine University of Helsinki Karolinska Institutet European Society of Digital and Integrative Pathology	Aiforia

Name	Present directorships/partnerships	Previous directorships/ partnerships
John Sweeney...	PHC Holdings Corporation	Pall Corporation Beckman Coulter
John Wellbank...	Digital Pathology Association Digital Pathology Association Foundation	Philips
David Oliver...	Grundium Oy Orienz Ltd	-
Mikael Lundin..		Aiforia
Tuomas Tenkanen	Mobidiag Oy TJT Technologies Oy	-
CEO and Management Team		
Jukka Tapaninen..	QPR Oyj Meshworks Wireless Oy WeVision Oy	Addoro Ab Pegasystems Inc SAP Aiforia
Kaisa Helminen..	-	-
Kari Pitkänen...	Scellex Oy Genna Health Oy	Aiforia
Tuomas Ropponen....................................	-	-
Veli-Matti Parkkonen	3-Stiernet Oy Suonenjoen Kone ja Rauta Oy	BCB Medical Oy Finesco Capital Oy Yeford Oy

OWNERSHIP STRUCTURE

General

As of the date of this Offering Circular, Aiforia has issued a total of 19,973,250 Shares, of which 5,520,850 are series A shares, 4,049,950 are series B shares, 5,829,250 are series C shares and 4,573,200 are series D shares. All Shares, regardless of the series of shares, entitle to one vote at the Company's General Meeting and are not subject to voting restrictions.

Aiforia's General Meeting decided on 29 June 2021 to combine all share series into a single series of shares. The decision of the General Meeting on the combination of the series of shares is conditional on the decision of the Company's Board of Directors to implement the decision (for more information, see "*Shares and share capital – Changes to the Shares and share capital to be made before the Listing*"). Once the combination of the series of shares is registered in the Trade Register, Aiforia will have one series of shares consisting of 19,973,250 Shares.

Major shareholders

The following table sets forth the shareholders owning individually or through a sphere of control at least 5 per cent of the Shares in Aiforia and voting rights attached to the Shares, pursuant to information available to Aiforia on the date of this Offering Circular before the combination of the share series. Obligations to notify and disclose major holdings and proportions of voting rights pursuant to the Finnish Securities Markets Act only apply to issuers whose shares have been admitted to trading on a regulated market and to shareholders of such issuers and thus such obligations do not apply to Aiforia or its shareholders.

Shareholder	Shares, total	Shares, %	Votes, %
Ascend Tapio S.a.r.l..	4,461,150	22.34	22.34
ACME Investments SPF Sarl..........................	2,143,050	10.73	10.73
Shandon Diagnostics Limited..........................	1,959,200	9.81	9.81
Sto-rahoitus Oy...	1,444,950	7.23	7.23
Mikael Lundin..	1,414,150	7.08	7.08
Johan Lundin	1,414,150	7.08	7.08
Kari Pitkänen...	1,260,000	6.31	6.31

No controlling shareholder

No shareholder of the Company has control over the Company as referred in Chapter 2, Section 4 of the Finnish Securities Market Act.

Other than the Offering, Aiforia is not aware of any arrangements the operation of which could result in a change of control in Aiforia.

No arrangements concerning voting rights

Aiforia's current shareholders have entered into a shareholders' agreement dated 26 May 2021 concerning Aiforia which will be terminated upon the completion of the Listing. For more information on shareholder agreements, see "*Shares and share capital – Restrictions on disposal of Shares*".

The Company is not aware of any arrangements or agreements concluded between its shareholders which could, after the Listing, affect the control or use of voting rights in the general meetings of Aiforia.

RELATED PARTY TRANSACTIONS

Parties are considered to be related to each other if one party is able to exercise control over the other or considerable influence or joint control over the decision-making concerning its finances and business. As at the date of this Offering Circular, Aiforia's related parties include the parent company Aiforia Technologies Plc and its subsidiary Aiforia Inc. and shareholders Ascend Tapio S.a.r.l., Shandon Diagnostics Limited and Johan Lundin, who have a considerable influence in Aiforia. Related parties also include Aiforia's key management personnel, their close family members, and companies within their control. The key management personnel include the members of the Board of Directors, the CEO and the deputy CEO of Aiforia and the members of Aiforia's Management Team.

Transactions with related parties have been concluded under customary market conditions.

During the period covered by historical financial information, Aiforia has had only one related party transaction when, during the financial period ended 31 December 2019, services has been sold to a controlling entity of a related party for EUR 3 thousand.

Related parties of the Company have participated in the Company's share issues and the Company has issued option rights to the Company's related parties. For more information on the shareholding and the number of votes of the related parties in the Company, see "*Board of Directors and Management Team – Remuneration of the management*" and "*Board of Directors and Management Team – Holdings of Shares by members of the Board of Directors and the Management Team*" and "*Ownership structure – Major shareholders*".

There have not been any significant changes in Aiforia's related party transactions between 30 June 2021 and the date of this Offering Circular.

SHARES AND SHARE CAPITAL

General

Aiforia has four share series, all of which, regardless of the series of shares, entitle to one vote in general meeting of shareholders and are not subject to voting restrictions. The different share series carry different rights in distribution of funds. As at the date of this Offering Circular, the Company does not hold its own shares. The Shares do not have a nominal value and are denominated in euros. The Shares have been issued in accordance with Finnish laws and all Shares have been paid in full. The Shares are entered in the book-entry system maintained by Euroclear Finland Oy[44] and the ISIN code of the share series are FI4000507934 (series A shares), FI4000507942 (series B shares), FI4000507959 (series C shares) and FI4000507967 (series D shares). As of the Listing, the shares are freely transferable within the limits of the transfer restrictions described in the section "*Terms and conditions of the Offering – Lock-up*".

As at the date of this Offering Circular, the Company has issued 19,973,250 shares, of which 5,520,850 are series A shares, 4,049,950 are series B shares, 5,829,250 are series C shares and 4,573,200 are series D shares.

According to the Articles of Association of the Company in force on the date of this Offering Circular, each holder of series D, series C and series B shares has a right at any time to demand their said shares to be converted into series A shares. The demand must be made in writing to the Board of Directors of the Company. The conversion ratio is 1:1 but it will be adjusted to the extent the total number of the Company's shares changes as a result of a share split or a similar arrangement.

According to the Articles of Association of the Company, in an event the assets or net property of the company are distributed to the shareholders due to a) voluntary liquidation or bankruptcy, b) a merger, consolidation, acquisition, sale or other conveyance that concerns all, or substantially all, shares issued by the Company or c) such a sale that concerns all, or substantially all, assets of the Company, then all proceeds will be shared among shareholders as follows: firstly, the holders of class D shares shall have the preference to receive the proceeds up to an amount equal to the subscription price of the class D shares that they have originally paid. Such proceeds will be shared among holders of class D shares on a pro rata basis. Secondly, the holders of class C shares shall have the preference to receive the proceeds up to an amount equal to the subscription price of the class C shares that they have originally paid. Such proceeds will be shared among holders of class C shares on a pro rata basis. Thirdly, the holders of class B shares shall have the preference to receive the proceeds up to an amount equal to the subscription price of the class B shares that they have originally paid. Such proceeds will be shared among holders of class B shares on a pro rata basis. Fourthly, any possible remaining proceeds will be shared among all shareholders on a pro rata basis regardless of share class.

Development of the share capital

The following table sets forth the historical development of the share capital of Aiforia and the number of Shares for the period between 1 January 2018 and the date of this Offering Circular:

Date of resolution	Transaction	Subscription price per share (EUR)	Change in the number of shares	Number of shares after the transaction	Share capital (EUR)	Registration date
22 November 2017	Directed share issue[1]	68.62	C: 72,868	A: 102,734 B: 80,999 **C: 72,868**	102,600	18 January 2018
12 February 2020	Directed share issue[1]	68.62	C: 14,573	A: 102,734 B: 80,999 **C: 87,441**	102,600	31 July 2020
15 June 2020	Share subscription[2]	1	A: 700	**A: 103,434** B: 80,999 C: 87,441	102,600	5 January 2021
15 June 2020	Directed share issue[1]	68.62	C: 19,094	A: 103,434 B:80,999 **C: 106,535**	102,600	5 January 2021

[44] The address of Euroclear Finland is Urho Kekkosen katu 5 C, FI-00100 Helsinki, Finland.

Date of resolution	Transaction	Subscription price per share (EUR)	Change in the number of shares	Number of shares after the transaction	Share capital (EUR)	Registration date
15 July 2020	Directed share issue[1]	68.62	C: 10,050	A: 103,434 B: 80,999 **C: 116,585**	102,600	5 January 2021
23 September 2020	Share subscription[2]	1	A: 2,000	**A: 105,434** B: 80,999 C: 116,585	102,600	5 January 2021
14 May 2021	Directed share issue[1]	191.40	D: 65,824	A: 105,434 B: 80,999 C: 116,585 **D:65,824**	102,600	23 June 2021
31 August 2021	Directed share issue[1]	191.40	D: 25,640	A: 105,434 B: 80,999 C: 116,585 **D:91,464**	102,600	8 September 2021
20 September 2021	Share issue without consideration (split)[3]	–	A: 5,166,266 B: 3,968,951 C: 5,712,665 D: 4,481,736	**A: 5,271,700** **B: 4,049,950** **C: 5,829,250** **D: 4,573,200**	102,600	28 September 2021
8 October 2021	Share subscription[4]	0.02 1.3724	A: 249,150	**A: 5,520,850** B: 4,049,950 C: 5,829,250 D: 4,573,200	102,600	15 October 2021

(1) A directed share issue against consideration to improve the financial position of the Company. The directed share issues carried out by Aiforia, have been executed on substantially same terms and the purpose of the directed share issues has been to strengthen Aiforia's capital structure and to widen the Company's owner base. Share issues have been directed to the Company's shareholders and key persons. Subscription prices have been recorded to Aiforia's reserve for invested unrestricted equity in full in connection with the descripted directed share issues.

(2) A share subscription based on the use of option rights. A share subscription based on the use of option rights made by a key individual of the Company.

(3) On 20 September 2021, shareholders of Aiforia decided on a share issue without consideration in which new shares were issued to shareholders in proportion to their holding, so that (i) 49 new series A shares were issued for each existing share of series A, (ii) 49 new series B shares were issued for each existing series B share, (iii) 49 new series C shares were issued for each existing series C share, and (iv) 49 new series D shares were issued for each existing series D share.

(4) A share subscription based on option rights. Share subscriptions based on option rights made by key individuals of the Company and other option holders.

Changes to the Shares and share capital to be made before the Listing

Aiforia's Annual General Meeting, held on 29 June 2021, resolved to combine shares of series A, series B, series C and series D into one single series of shares using a 1:1 conversion ratio so that, after the combination, Aiforia has only one new share class. The resolution of the General Meeting concerning the combination of the share series is conditional on the decision of the Company's Board of Directors to implement the resolution.

As at the date of this Offering Circular, Aiforia's Articles of Association include a redemption and a consent clause. Aiforia's Annual General Meeting, held on 29 June 2021, resolved to remove these clauses. The resolution is conditional on the adoption of the resolution by the Board of Directors of the Company.

Aiforia's Board of Directors resolved on 25 November 2021 to adopt the resolutions of the General Meeting concerning the combination of the share series and removal of the redemption and consent clauses when the Listing takes place. The combination of the share series as well as the removal of the redemption and consent clauses will be notified to the Trade Register in connection with notifying the registration of the New Shares to be issued in the Offering or immediately before it. If the New Shares are registered in more than one tranche, the combination of the share series as well as the removal of the redemption and consent clauses will be notified in connection with the first trade register notification regarding such New Shares or immediately before it.

The combination of the share series also includes amending the Articles of Association upon which certain provisions related to the share series are removed from the Company's Articles of Association. The amended Articles of Association of Aiforia that will be registered when the New Shares issued in the Listing are notified to be registered in the Finnish Trade Register or immediately before it is attached to this Offering Circular as Appendix A. After the combination of the share series and the amendment of the articles of association, all Shares provide equal voting rights and rights to dividend and other distribution of capital.

Current authorisations

- Aiforia's shareholders have on 14 May 2021 unanimously resolved to authorise the Board of Directors of Aiforia to resolve on an issuance of up to 65,824 new series D shares of the Company in one or more installments at a subscription price of EUR 191.40 per share. Based on the authorisation, Shares may only be issued to individuals identified in the unanimous shareholder resolution who are current shareholders of the Company. The authorisation has been amended in connection with the Company's shareholders' resolution of 20 September 2021 on share split so that based on the authorisation, a maximum of 2,009,200 series D shares can be issued at a subscription price of EUR 3.83 per share.

- Aiforia's shareholders have, at the Annual General Meeting on 29 June 2021, resolved to authorise the Board of Directors of Aiforia to decide on the issuance of up to 15,000 option rights and other special rights entitling to Shares. The authorisation has been amended in connection with resolving on a share split on 20 September 2021 so that based on the authorisation option rights and other special rights entitling to shares which entitle to a maximum of 750,000 new Shares in the Company or in the possession of the Company may be issued. The Board of Directors have on 21 September 2021 decided, based on the authorisation, to issue option rights entitling to 137,650 Shares in the Company. The Board of Directors may, taking into account the option rights issued on 21 September 2021, issue new option rights and other special rights entitling to Shares so that they entitle to a maximum of 612,350 new Shares in the Company or in the possession of the Company.

- Aiforia's shareholders have on 20 September 2021 unanimously resolved to authorise the Board of Directors of Aiforia to resolve on an issuance of up to 10,000,000 new Shares in order to carry out the offering in connection with the listing to First North. The authorisation may be exercised in one or more instalments and in deviation from the shareholders' pre-emptive right. All other terms of the issuance of Shares may be decided by the Board of Directors. Shares to be issued may be of the sole series of shares of the Company after the Company's share series have been combined in accordance with the decision of the Annual General Meeting held on 29 June 2021, conditional on the Board's decision to implement the combination of the share series (see "*Shares and share capital – Changes to the Shares and share capital to be made before the Listing*"). The authorisation is valid until 31 December 2021.

Restrictions on disposal of Shares

Aiforia's all current shareholders have entered into a shareholder agreement concerning Aiforia and dated on 26 May 2021. The shareholder agreement includes customary terms and conditions regarding, amongst others, the sale of the shares and other disposals of the shares. The Shareholder Agreement is terminated upon the completion of the Listing.

Information on the restrictions on the disposal of the Shares are described in section "*Terms and conditions of the Offering – Lock-up*".

Option rights and other special rights entitling to Shares

Option rights

Issued options

Program	Share subscription price per share (EUR)	Subscription period of the shares to be subscribed based on option rights ends	Total amount of option rights issued	Maximum amount of shares to be issued[(1)]
2016 A	0.02	31 December 2025	11,900	465,000
2016 B	0.02	31 December 2025	2,000	95,000

Program	Share subscription price per share (EUR)	Subscription period of the shares to be subscribed based on option rights ends	Total amount of option rights issued	Maximum amount of shares to be issued[(1)]
2018 I	1.3724	31 December 2025	8,000	323,500
2019 I	1.3724	31 December 2025	1,500	75,000
2020 I	1.3724	31 December 2025	7,052	333,300
2020 II	1.3724	31 December 2025	3,016	150,800
2021 I	1.3724	31 December 2025	3,850	189,150
2021 II	1.3724	31 December 2025	2,500	125,000
2021 III	1.3724	31 December 2025	3,016	150,800
2021 IV	1.3724	31 December 2025	2,300	100,000
2021 V	1.3724	21 September 2026	603,200	603,200
In total			**648,334**	**2,610,750**

(1) Taking into account share subscriptions made based on the option rights by the date of this Offering Circular.

In connection with resolving on the share split, Aiforia's shareholders have on 20 September 2021 resolved to amend the terms and conditions of all existing option programs of the Company, notwithstanding the option program 2021 V, as follows:

- After the amendment 1 option right entitles to subscribe 50 new series A shares in the Company or series A shares in the possession of the Company.
- After the combination of the share series, option rights entitle to the shares of the sole share series in Aiforia. For more information on the combination of the share series, see: "*Shares and share capital – Changes to the Shares and share capital to be made before the Listing*".

At the date of this Offering Circular, of the new shares in the Company or in the possession of the Company to be subscribed based on the options issued, 2,610,750 shares are still unsubscribed.[45] If all Shares to be subscribed on the basis of the option rights are subscribed after the Listing, the Company's existing shareholders' total holding in Shares and total number of votes would be diluted by 32.5 per cent, assuming that the Over-Allotment Option and the Upsize Option will be exercised in full and that the Final Subscription Price is the lowest price of the Preliminary Price Range and that a total of 44,356 Offer Shares will be subscribed in the Personnel Offering. As at the date of this Offering Circular:

- of the 595,000 new Shares in the Company or Shares in the possession of the Company to be subscribed based on option program 2016 A, 465,000 Shares are still unsubscribed and can be subscribed.
- of the 100,000 new shares in the Company or shares in the possession of the Company to be subscribed based on option program 2016 B, 95,000 shares are still unsubscribed and can be subscribed.
- of the 400,000 new shares in the Company or shares in the possession of the Company to be subscribed based on option program 2018 I, 323,500 shares are still unsubscribed and can be subscribed.
- of the 75,000 new shares in the Company or shares in the possession of the Company to be subscribed based on option program 2019 I, 75,000 shares are still unsubscribed and can be subscribed.
- of the 352,600 new shares in the Company or shares in the possession of the Company to be subscribed based on option program 2020 I, 333,300 shares are still unsubscribed and can be subscribed.
- of the 150,800 new shares in the Company or shares in the possession of the Company to be subscribed based on option program 2020 II, 150,8000 shares are still unsubscribed and can be subscribed.
- of the 192,500 new shares in the Company or shares in the possession of the Company to be subscribed based on option program 2021 I, 189,150 shares are still unsubscribed and can be subscribed.
- of the 125,000 new shares in the Company or shares in the possession of the Company to be subscribed based on option program 2021 II, 125,000 shares are still unsubscribed and can be subscribed.
- of the 150,800 new shares in the Company or shares in the possession of the Company to be subscribed based on option program 2021 III, 150,800 shares are still unsubscribed and can be subscribed.

[45] The Company's CEO has informed the Company of his intention to subscribe for all shares which can be subscribed for based on the option rights granted to him, i.e., 729,000 shares, after the Listing. Should the Company's CEO subscribe 729,000 shares based on the option rights, then the total number of Company's shares outstanding based on the option rights would be 1,881,750.

- of the 115,000 new shares in the Company or shares in the possession of the Company to be subscribed based on option program 2021 IV, 100,000 shares are still unsubscribed and can be subscribed.
- of the 603,200 new shares in the Company or shares in the possession of the Company to be subscribed based on option program 2021 V, 603,200 shares are still unsubscribed and can be subscribed.

Shareholder rights

Dividends and other distribution of funds

Under the Finnish Companies Act, the shareholders' equity of a company is divided into restricted and unrestricted equity. Restricted equity consists of the share capital, the fair value reserve and the revaluation reserves according to the Finnish Accounting Act (1336/1997, as amended) as well as any possible reserve fund and share premium fund formed under the previous Finnish Companies Act (734/1978, as amended) effective prior to 1 September 2006.

In accordance with the prevailing practice in Finland, dividends on shares in a Finnish limited company, if any, are generally declared once a year. Dividends may be paid and unrestricted equity may be otherwise distributed after the General Meeting of Shareholders has adopted the company's financial statements and resolved on the amount of dividend or other distribution of unrestricted equity based on a proposal by the Board of Directors of the company. Pursuant to the Finnish Companies Act, the payment of a dividend or other distribution of unrestricted equity may also be based on financial statements other than those for the preceding financial year, provided that such financial statements have been adopted by the General Meeting of Shareholders. If the company has an obligation to elect an auditor pursuant to the law or its Articles of Association, such financial statements must be audited.

The payment of a dividend or other distribution of unrestricted equity requires the approval of the majority of the votes cast at a General Meeting of Shareholders of the company. Pursuant to the Finnish Companies Act, the General Meeting of Shareholders may also authorize the Board of Directors to resolve upon the payment of dividends and other distributions of unrestricted equity. The amount of dividend or other distribution of unrestricted equity cannot exceed the amount stipulated by the General Meeting of Shareholders.

Pursuant to the current Finnish Companies Act, a company may also distribute funds by reducing its share capital, which requires the approval of the majority of votes cast at a General Meeting of Shareholders of the company. A decision regarding the share capital reduction must be registered in the Trade Register within one month from the General Meeting of Shareholders of the company that resolved on such share capital reduction. Following the registration of the share capital reduction, a creditor hearing process may be commenced, and the Trade Register will issue, upon application of the company, a notice to the creditors of the company. The reduction of the share capital may be registered if none of the creditors of the company has opposed the reduction of the share capital or the company has received a confirmatory judgment to the effect that the opposing creditors have either received payment for their receivables or a securing collateral has been placed by the company for the payments of such receivables.

Distributable funds include the net profit for the preceding financial year, retained earnings from previous financial years and other unrestricted equity, adjusted for the loss set forth in the statement of financial position and the amounts that the Articles of Association of the company require to be left undistributed. The amount of any dividend or other distribution of unrestricted equity is limited to the amount of distributable funds of the company stated in the financial statements upon which the decision to pay dividends or otherwise distribute unrestricted equity are based, subject to any material changes in the financial condition of the company since the financial statements were prepared. Distribution of funds, whether by way of dividend or other distribution of unrestricted equity, is prohibited if it is known, or it should be known, at the time such decision is made that the company is insolvent or that such distribution would cause the company to become insolvent.

Distributable funds are, where applicable, to be further adjusted for capitalized incorporation, research and certain development costs in accordance with the provisions of the Finnish Act on the Implementation of the Finnish Companies Act (625/2006, as amended). A parent company of a consolidated group of companies may not distribute more than the amount of distributable funds shown on the parent company's latest audited and adopted financial statements.

The dividend may not exceed the amount proposed or otherwise accepted by the Board of Directors, unless so requested at the General Meeting by shareholders representing at least one-tenth of all of the issued and outstanding shares in the company, in which case, the dividend can be no more than the lesser of (i) at least one-half of the profit for the preceding financial year less the amount that the Articles of Association of the company require to be left undistributed (if any); and (ii) the amount of distributable funds as described above. However, in such case, the dividend cannot exceed 8 per cent of the total shareholders' equity of the company and the distributable amount must be adjusted for any dividends paid during the accounting period before the Annual General Meeting.

As of the Listing, all Shares in Aiforia carry equal rights to dividends and other distributions of funds (including distributions of assets in the event of the liquidation). Pursuant to the Finnish Companies Act, dividends and other distributions of funds are paid to the shareholders or their nominees entered in the shareholders' register on the relevant record date. Such register is maintained by Euroclear Finland through relevant account operators. No dividends are payable to shareholders not registered in the shareholders' register. The right to dividends expires within three years from the dividend payment date, after which the funds reserved for paying the dividends will remain with the Company.

Voting rights and general meeting of shareholders

General

Pursuant to the Finnish Companies Act, shareholders exercise their power to resolve on matters at general meetings of the shareholders. Pursuant to the Finnish Companies Act, the Annual General Meeting of the company must be held annually no later than six months from the end of the company's financial year. At the Annual General Meeting, the financial statements, including the income statement, statement of financial position and cash flow statement with notes thereto and consolidated financial statements, provided that consolidated financial statements are to be prepared pursuant to the Accounting Act (1336/1997), are presented to the shareholders for adoption. At the Annual General Meeting, shareholders also make decisions regarding, among others, use of profits shown in the statement of financial position, the discharge from liability of the members of the Board of Directors and the chief executive officer as well as the election of the members of the Board of Directors and the auditor, and their respective remuneration.

An Extraordinary General Meeting in respect of specific matters must be convened when deemed necessary by the Board of Directors, or when requested in writing by the auditor of the company or by shareholders representing at least one-tenth of all of the issued and outstanding Shares in the Company.

According to Aiforia's Articles of Association, the notice of general meetings of shareholders shall be delivered no earlier than three months and no later than one week before the record date for the general meeting of shareholders referred to in the Finnish Companies Act. The notice is delivered by publishing it on the Company's website or by providing the notice to each shareholder by letter or email at the addresses entered into the shareholder register. In addition, according to Aiforia's Articles of Association, if the Board of Directors so decides, a shareholder, in order to participate in the general meeting of shareholders, must give advance notice of participation to the Company no later than the date given in the notice of the general meeting of shareholders. The deadline for advance notices shall not be earlier than ten days before the meeting. After the Listing, in accordance with the First North Rules, Aiforia shall publish the notice of general meeting of shareholders also as a company release.

There are no quorum requirements for General Meetings of shareholders in the Finnish Companies Act or in the Articles of Association of Aiforia.

In order to have the right to attend and vote at a General Meeting of Shareholders, a shareholder must be registered at least eight Finnish business days prior to the relevant General Meeting of Shareholders in the register of shareholders maintained by Euroclear Finland in accordance with Finnish law. A beneficial owner of nominee-registered shares contemplating attending and voting at the General Meeting of Shareholders should seek a temporary registration in the register of shareholders maintained by Euroclear Finland by the date announced in the notice of the General Meeting of Shareholders, which date must be after the record date of the General Meeting of Shareholders. A notification for temporary registration of a beneficial owner into the shareholder register of the Company is considered notice of attendance at the General Meeting of Shareholders.

Voting rights

A shareholder may attend and vote at a General Meeting of Shareholders in person or through an authorized representative. However, pursuant to temporary legislation enacted due to the recent COVID-19 pandemic, Finnish limited companies whose shares are admitted to trading on a regulated market or on a multilateral trading facility, such as Aiforia after the Listing, may choose to arrange a General Meeting of Shareholders without shareholders being present. Pursuant to the temporary legislation, a General Meeting of Shareholders may be arranged such that shareholders may participate and vote in the General Meeting only though an agent. Where a company decides to arrange such a General Meeting of Shareholders, it shall make available to shareholders one or several agents, who may not be related parties of the company. Alternatively, a company may decide to arrange a General Meeting of Shareholders such that shareholders may participate and vote in the General Meeting only by mail-in voting, distance communication or other means of technical nature. The temporary legislation is in force until 30 June 2022.

Each Share entitles the holder to one vote at the General Meeting of Shareholders. At a General Meeting of Shareholders, resolutions are generally passed with the majority of the votes cast. However, certain resolutions, such as any deviations from shareholders' pre-emptive rights in respect of share offerings and directed repurchases of own shares, amendments to the Articles of Association and resolutions regarding mergers, demergers or liquidation of a company, require at least two-thirds of the votes cast and the shares represented at the General Meeting of Shareholders. In addition, certain resolutions, such as amendments to the Articles of Association that change the respective rights of shareholders holding the same class of shares or increase the redemption rights of a company or its shareholders require the consent of all shareholders, or where only certain shareholders are affected, require the consent of all shareholders affected by the amendment in addition to the applicable majority requirement.

Pre-emptive right

Pursuant to the Finnish Companies Act, shareholders of a Finnish company have a pre-emptive right, in proportion to their shareholdings, to subscribe for new shares in such company, unless the resolution of the General Meeting of Shareholders approving such issue, or authorizing the Board of Directors to resolve on such issue, provides otherwise. Pursuant to the Finnish Companies Act, a resolution that deviates from the shareholders' pre-emptive rights must be approved by at least two-thirds of all votes cast and shares represented at a General Meeting of shareholders. In addition, pursuant to the Finnish Companies Act, such a resolution requires that the company has a weighty financial reason to deviate from the pre-emptive rights of shareholders.

Certain shareholders resident in, or with a registered address in certain jurisdictions may not be able to exercise pre-emptive rights in respect of their shareholdings unless a registration statement, or an equivalent thereof under the applicable laws of their respective jurisdictions, is effective or an exemption from any registration or similar requirements under the applicable laws of their respective jurisdictions is available.

Right to share in any surplus in the event of liquidation

Pursuant to the Finnish Companies Act, upon the voluntary liquidation of the company, liquidators are required to cause the repayment of the company's known debts. Any net assets remaining after the repayment of debts are paid to the shareholders pro rata to their holdings of Shares.

Redemption provisions (squeeze-out)

Under the Finnish Companies Act, shareholders with shares representing more than 90 percent of all shares and voting rights attached to all shares in a company has the right to redeem remaining shares in such company for fair value. In addition, any minority shareholder that possesses shares may, pursuant to the Finnish Companies Act, require such majority shareholder to redeem its shares.

Conversion provisions

The Finnish Companies Act and as of the Listing Aiforia's Articles of Association do not contain conversion provisions regarding the Shares.

Takeover rules

After the Listing, Aiforia will be subject to compelling legislation, with regard to takeover rules concerning securities traded on a multilateral trading facility. The following is a summary of the Finnish compelling takeover rules applied on the multilateral trading facility and should not be considered exhaustive.

Regulation of the Finnish Securities Markets Act concerning a compulsory tender offer is not applicable to securities traded on a multilateral trading platform. The Finnish Securities Markets Act contains certain compelling rules applicable to a voluntary public takeover offer for shares traded on a multilateral trading platform and securities entitled to them. Such rules concern the consideration of the offer, equivalent treatment of holders of securities on which the offer is made, disclosure obligations and the obligation to ensure that the offeror can fulfil in full any cash consideration, if such is offered, and take all reasonable measures to secure the implementation of any other type of consideration.

The rules on compulsory public tender offers under the Securities Markets Act do not apply on the multilateral trading facility.

Pursuant to the Finnish Companies Act, a shareholder holding shares representing more than 90 per cent of all the shares and votes in a company has the right to redeem the remaining shares in the company at fair value (right of squeeze-out). In addition, a shareholder whose shares may be redeemed in the above mentioned manner is entitled to demand redemption from the majority shareholder entitled to exercise redemption (right of sell-out). Detailed rules apply to the calculation of the proportions of shares and votes discussed above.

Aiforia's Articles of Association contain no specific provisions on rights of squeeze-out or sell-out deviating from the Finnish Companies Act.

There have been no past tender offers for the Shares or equity securities of the Company.

FINNISH SECURITIES MARKETS

The following summary is a general description of the Finnish securities market and it is based on the laws in force in Finland as at the date of this Offering Circular. The following summary is not exhaustive. For shareholder rights and takeover rules, see "Shares and share capital – Shareholder rights" and "Shares and share capital – Takeover rules".

General of the First North marketplace

First North is a registered growth market for small and medium-sized enterprises. The same rules, applied to the issuers on the regulated main market, are not applied to the issuers of First North. Instead they adhere to rules with lower standards, which are applied to small growth companies. All the issuers, whose securities are admitted to trading on Nasdaq First North Growth Market marketplace, have a Certified Adviser, who ensures that the rules are adhered to. Nasdaq Helsinki Ltd approves the application for admission to trading.

Nasdaq Helsinki maintains the Nasdaq First North Growth Market Finland marketplace. Nasdaq Helsinki is part of Nasdaq, Inc. group. In addition, Nasdaq, Inc. group maintains the First North marketplaces of Sweden, Denmark and Iceland. Nasdaq Nordic includes four local stock exchanges, which are located in Helsinki, Stockholm, Copenhagen and Reykjavík. The First North Rules are the same for all First North marketplaces. However, the rules include also marketplace specific rules (the supplements A–D of the First North Rules). The companies listed on these four marketplaces are presented on a shared list - the Nordic List -, of which requirements for listing are mainly harmonized apart for the exceptions specified in the supplements A–D of the First North Rules. The companies are presented based on industry and divided in sectors.

Trading and settlement on First North

Pursuant to the First North Rules, the trading rules of Nasdaq Helsinki apply to trading on First North.

The currency for trading in, and clearing of, securities on Nasdaq Helsinki is euro, with the tick size for trading quotations depending on the share price. All price information is produced and published in euro.

Nasdaq Helsinki uses the automated INET Nordic trading platform. INET Nordic is an order-based system in which orders are executed when price and volume information as well as other conditions match. Nasdaq Helsinki has three principal trading sessions: pre-open session, continuous trading and post-trading session. For shares, pre-open session begins at 9.00 a.m. and ends at 9.45 a.m. during which orders may be placed, changed or cancelled. The opening call begins at 9.45 a.m. and ends at 10.00 a.m. Continuous trading begins immediately after the opening call ends at 10.00 a.m. and trading continues at prices based on market demand until 6.25 p.m. when the closing call is initiated. Orders entered during the pre-open session and existing orders with several days' validity are automatically transferred into the opening call. Post-trading, during which contract transactions for shares can be registered as after-hours trading in confirmed prices within the price limits based on the trading day, takes place between 6.30 p.m. and 7.00 p.m.

Trades are primarily cleared by netting them in the system of a central counterparty (e.g. European Central Counterparty N.V.) and settling them in Euroclear Finland's data-processing system (Infinity system) on the second banking day after the trade date (T+2) unless otherwise agreed by the parties.

Regulation of the Finnish securities market

The securities market in Finland is supervised by the FIN-FSA. One of the principal statutes governing the Finnish securities market is the Finnish Securities Markets Act, which contains regulations with respect to company and shareholder disclosure obligations and public tender offers, among other things. The Finnish Ministry of Finance and the FIN-FSA have issued more detailed regulations pursuant to the Finnish Securities Markets Act. Furthermore, MAR, which is directly applicable within the EU, contains provisions on the disclosure obligation regarding inside information as well as prohibitions on insider dealing, unlawful disclosure of inside information and market manipulation. MAR also contains rules on, among other things, procedures relating to disclosure of inside information, maintenance of insider lists and disclosure of managers' transactions. The Prospectus Regulation contains regulations regarding prospectuses, including an obligation, subject to certain exceptions, to publish a prospectus where securities are admitted to trading on a regulated market or offered to the public. The FIN-FSA monitors compliance with these regulations.

The First North Rules define the minimum requirement of disclosure obligations to companies whose security is traded in the First North marketplace. The issuer of a security traded on First North marketplace is obliged to regularly disclose financial information about the Company. According to the MAR, the issuer must inform the public, with some exceptions, of inside information directly concerning the issuer as soon as possible.

The Finnish Penal Code (39/1889, as amended) criminalizes the breach of disclosure requirements, the misuse of inside information and market manipulation. Pursuant to MAR, Finnish Securities Markets Act and the Finnish Act on the Financial Supervisory Authority (878/2008, as amended), the FIN-FSA has the right to impose administrative sanctions to the extent the offence does not fall within the scope of the Finnish Penal Code. The FIN-FSA can, for example, issue a public warning or impose administrative fines or penalty payments for the breach of the provisions relating to disclosure requirements, public tender offer, insider lists, managers' transactions or market abuse. The disciplinary board of Nasdaq Helsinki may give a warning or note or impose a disciplinary fine or order the company to be removed from First North.

Finnish book-entry system

General

The book-entry system refers to a system in which physical share certificates have been changed to book-entries registered in book-entry accounts. The Finnish book-entry system is centralized at Euroclear Finland, which offers national clearing, settlement and registration services for securities. Euroclear Finland maintains a central book-entry register for both equity and debt securities. The business address of Euroclear Finland is Urho Kekkosen katu 5C, FI-00100 Helsinki, Finland. Being in book-entry form is mandatory for all securities subject to trading on a trading venue.

Euroclear Finland maintains a company-specific register of those shareholders who are registered in the book-entry system. The account operators, which consist of credit institutions, investment firms and other institutions licensed to act as account operators by Euroclear Finland, are entitled to make entries in the book-entry register and administer the book-entry accounts.

Registration

In order to hold entries in the book-entry system, a security holder must open a book-entry account with an account operator or agree with a custodian upon the holding of book-entries in a custodial nominee account. A foreigner, foreign entity or trust may hold book-entries. Such persons may also deposit book-entries in a custodial nominee account, where the shares are registered in the name of a custodial nominee account holder in the company's register of shareholders. A custodial nominee account must contain information on the custodial nominee account holder instead of the beneficial owner and indicate that the account is a custodial nominee account. Book-entry securities held on behalf of one or more beneficial owners may be registered in a custodial nominee account. In addition, the shares owned by a foreigner, foreign entity or trust may be deposited in a nominee-registered account, in which case the book-entry account is opened in the name of the account owner, but the custodian of the nominee registration is registered in the company's shareholders' register.

For shareholders who have not transferred their shares into book-entries, a joint book-entry account is opened with the issuer as registered holder. All transfers of securities entered in the book-entry system are executed as computerized book-entry transfers to the extent they are executed in the book-entry system. The account operator delivers a statement to the account holder regularly, at least four times a year, presenting entries made to the account since the last statement. The book-entry account holders also receive an annual statement of their holdings at the end of each calendar year.

Each book-entry account is required to contain specific information with respect to the account holder and other holders of rights to the book-entries entered into the account as well as information on the account operator administering the book-entry account. The required information also includes the type and number of book-entries registered as well as the rights and restrictions pertaining to the account and to the book-entries registered in the account. Euroclear Finland and the account operators are required to observe strict confidentiality. Certain information (e.g. the name and number of shares of each shareholder) contained in the register of shareholders maintained by Euroclear Finland must be made available to the public by Euroclear Finland and the relevant company, except in the case of custodial nominee registration. The FIN-FSA and the relevant company are entitled to certain information on the holdings of shares registered in a custodial nominee account upon request.

Each account operator is under strict liability with regard to errors and omissions in the book-entry registers maintained by it and for breaches of confidentiality. If an account holder has suffered a loss as a result of a faulty registration or some other error or defect and if the account operator has not compensated for this loss due to insolvency that is not temporary, the account holder is entitled to receive compensation from the statutory registration fund. The capital of the registration fund must not be less than EUR 20 million. The compensation to be paid to one injured party shall be equal to the amount of loss suffered by such injured party from a single account operator, subject to a maximum amount of EUR 25,000. The liability of the registration fund to pay damages in relation each incident is limited to EUR 10 million.

Custody of the shares and nominees

A non-Finnish shareholder may appoint an account operator (or certain other Finnish or non-Finnish organizations approved by Euroclear Finland) to act on its behalf. Shares held in a custodial nominee account do not entitle the account holder to exercise other rights of the owner vis-à-vis the issuer than the right to withdraw funds, to convert or exchange the book entry and to participate in an issue of shares or other book entries. In order to attend and vote at general meetings of shareholders, a beneficial owner may seek temporary registration to the shareholders' register if the shares entitle the owner to be registered in the shareholders' register on the record date of the general meeting of shareholders. Notifications regarding temporary registration must be given no later than at the date and time specified in the notice of the General Meeting of Shareholders.

Upon request by the FIN-FSA or the relevant company, a custodial nominee account holder must disclose the name of the beneficial owner of any shares registered in such custodial nominee's name, provided the beneficial owner is known, as well as the number of shares owned by such beneficial owner. If the name of the beneficial owner is not known, the custodial nominee account holder is required to disclose corresponding information on the representative acting on behalf of the beneficial owner and to submit a written declaration of the representative to the effect that the beneficial owner of the shares is not a Finnish natural person or legal entity. In the Finnish book entry system, e.g. Euroclear Bank S.A./N.V. and Clearstream act as account operators, and non-Finnish shareholders may hold their shares through their accounts with Euroclear Bank S.A./N.V. or Clearstream. A shareholder wishing to hold his/her shares in the book-entry securities system in his/her own name but who does not maintain a book-entry account in Finland is required to open a book-entry account at an account operator and a convertible euro account at a bank.

Compensation fund for investors and deposit insurance fund

The Finnish Act on Investment Services (747/2012, as amended "**Finnish Act on Investment Services**") sets forth a compensation fund for investors. Under this act, investors are divided into professional and non-professional clients. The fund does not compensate any losses by professional clients. The definition of professional client includes certain business enterprises and public entities, which are deemed to understand the securities markets and their associated risks. An investor may also provide notice in writing that, on the basis of his/her professional skills and experience in the securities markets, he/she is a professional client; however, natural persons are presumed to be non-professional clients.

Investment firms and credit institutions offering investment services must belong to the compensation fund. The compensation fund safeguards payment of clear and indisputable claims when an investment company or a credit institution has been declared bankrupt, is undergoing a restructuring process, or is otherwise, for a reason other than temporary insolvency, not capable of paying claims within a determined period of time. For valid claims, the compensation fund will pay 90 per cent of the investor's claim against each investment company or credit institution, up to EUR 20,000. The compensation fund does not provide compensation for losses due to decreases in stock value or bad investment decisions. Accordingly, investors continue to be liable for the consequences of their own investment decisions. According to the Finnish Act on the Financial Stability Authority (1195/2014, as amended), depositary banks must belong to a deposit guarantee fund, which is intended to safeguard payments of receivables in the depositary bank's account or receivables in the forwarding of payments that have not yet been entered into an account if the depositary bank becomes insolvent and the insolvency is not temporary. The customers of a depositary bank can be compensated by the deposit guarantee fund up to EUR 100,000. An investor's funds can be safeguarded either by the deposit guarantee fund or the compensation fund; however, an investor's funds cannot be safeguarded by both funds.

TAXATION

The tax legislation of the investor's tax domicile and Finland, being Aiforia's jurisdiction of incorporation, may have affect the income received from the Shares.

The following summary is a general description of the most significant Finnish tax consequences with respect to the acquisition, ownership and disposal of the Shares. The summary is based on the tax laws of Finland, including relevant case law as well as decisions and guidance issued by the Finnish Tax Administration as in effect at the date of this Offering Circular. The summary is subject to changes in the tax laws of Finland, including changes that could have a retroactive effect. The summary is not exhaustive and does not take into account or discuss the tax laws of any other country than Finland.

The summary does not address tax consequences applicable to shareholders that may be subject to special tax rules relating to, among others, different restructurings of corporations, controlled foreign corporations, income tax-exempt entities, or general or limited partnerships. Furthermore, the summary does not address tax consequences relating to investments belonging to business activities undertaken by natural persons, nor inheritance or gift taxation.

Prospective investors are advised to consult professional tax advisors to obtain information on the tax consequences of the acquisition, ownership and disposal of the Shares taking into consideration their specific circumstances.

General

Residents and non-residents of Finland are treated differently for Finnish tax purposes. Persons resident in Finland are subject to taxation in Finland on their worldwide income. Non-residents are only taxed on income from Finnish sources and on income attributable to a possible permanent establishment in Finland. However, tax treaties may limit the applicability of Finnish tax legislation and Finland's right to tax Finnish source income received by a non-resident.

Generally, a natural person is deemed to be a resident in Finland, if the person remains in Finland for a continuous period of more than six months, or if the permanent home and abode of such person is in Finland. However, a Finnish national who has moved abroad is considered to be resident in Finland until three years have passed from the end of the year of departure, unless it is proven that no substantial ties to Finland existed during the relevant prior tax year.

Earned income, including salary, is taxed at progressive rates. Capital income of a resident natural person not exceeding EUR 30,000 per calendar year is taxed at a flat rate of 30 per cent, and to the extent the amount of capital income exceeds EUR 30,000 in a calendar year, the exceeding amount is taxed at a rate of 34 per cent.

Corporate entities established under the laws of Finland are regarded as residents in Finland. Further, as of 1 January 2021, tax residency can be based on the place of effective management. Thus, foreign corporate entities having their key decisions concerning their daily business activities made in Finland can be treated as residents for Finnish domestic tax law purposes. However, the application of the rule to UCITS funds meant in chapter 1 section 2 paragraph 17 of the Mutual Funds Act (213/2019, as amended) and AIF funds meant in chapter 2 section 1 of the Alternative Investment Fund Managers Act (162/2014, as amended) that have been established or registered under the laws of another EEA-country is deferred until the beginning of 2023. Currently, the corporate income tax rate is 20 per cent, and the same rate is applied to taxation of income attributable to a Finnish permanent establishment of a non-resident.

Taxation of dividends and repayment of capital

General

A company listed on First North marketplace is considered a publicly listed company ("**Listed Company**") for Finnish dividend tax purposes.

Funds distributed from the reserve for invested unrestricted equity (so-called SVOP-reserve) of a Listed Company are treated as dividend income for tax purposes.

Personnel offering

An employer may offer shares to be subscribed by its employees at a discount not exceeding 10 per cent, without this being deemed a taxable benefit. According to section 66 of the Income Tax Act (1535/1992, as amended), the discount is calculated as the difference between the fair value and the subscription price of the shares. In this respect, it is required that the shares are offered to the majority of the employees. It has been deemed in the Finnish tax praxis that the tax exemption status and the conditions relating thereto can also be applied to benefits that are offered to employees of other group companies on the basis of employment.

A discount that exceeds 10 per cent of the fair value of the shares is deemed taxable earned income for the employees subject to payroll withholding similarly to salary income. The taxable benefit arises when the employee subscribes for the New Shares offered to him/her in the Personnel Offering.

Finnish resident natural persons

85 per cent of dividend income received from a Listed Company by a resident natural person on shares belonging to the personal income source is taxable capital income of the recipient, while 15 per cent is tax-exempt.

Distribution of dividends by a Listed Company to resident natural persons is subject to advance tax withholding. Currently, the amount of the advance tax withholding is 25.5 per cent. The advance tax withheld by the distributing company is credited against the final tax payable by the shareholder for the dividend received.

When the shares on a nominee account are held by a Finnish resident natural person, the amount of the advance tax withholding is 50 per cent, if the identification information of the recipient of the dividends is not obtained by the dividend distributing Listed Company or the registered authorized intermediary closest to the recipient of the dividend, or if the intermediary is not able to provide the Finnish Tax Administration with such information, as specified in further detail.

The resident natural person receiving the dividend is liable to verify the amount of dividend and the withholding on his pre-completed tax return and, if needed, to correct the amounts on the tax return.

Finnish corporations

Dividends paid by a Listed Company on the shares that are owned by another Finnish Listed Company are generally tax-exempt. However, if the shares are included in the investment assets of the shareholder, 75 per cent of the dividend is taxable income while the remaining 25 per cent is tax-exempt. Only banks, insurance companies and pension institutions may have investment assets.

Dividends received from a Finnish Listed Company by a Finnish corporation which is not a Listed Company are in general fully taxable income. However, in cases where the non-listed corporation directly owns 10 per cent or more of the share capital of the Listed Company, the dividend received on such shares is tax-exempt, provided that the shares are not included in the investment assets of the shareholder. If the shares are included in the investment assets of the shareholder, 75 per cent of the dividend is taxable income while the remaining 25 per cent is tax-exempt, irrespective of the share of ownership in the Listed Company.

When the shares on a nominee account are held by a Finnish corporation, the amount of the advance tax withholding is 50 per cent if the identification information of the recipient of the dividends is not obtained by the dividend distributing Listed Company or the registered authorized intermediary closest to the recipient of the dividend or if the intermediary is not able to provide the Finnish Tax Administration with such information, as specified in further detail.

Non-residents

Non-residents are subject to Finnish withholding tax on dividends paid by a Listed Company. The tax is withheld by the Listed Company distributing the dividend at the time of dividend payment, and no other taxes on the dividend are payable in Finland.

In general, the dividend withholding tax rate is 20 per cent for non-resident corporate entities and 30 per cent for all other non-residents as dividend recipients.

As an exception to the above, withholding tax is not applicable to dividends paid to non-resident companies meant in Article 2 of the Parent-Subsidiary Directive (2011/96/EU, as amended) (the "**Parent-Subsidiary Directive**") that are located in an EU member state, which have a direct minimum holding of 10 per cent of the capital of the dividend-distributing Finnish Listed Company, and which also fulfil the other conditions to grant the benefits of the Parent-Subsidiary Directive.

The withholding tax rate may also be reduced, or removed in full, on the basis of an applicable tax treaty. A reduced withholding rate in accordance with the applicable tax treaty can be applied, if the person beneficially entitled to the dividend has provided a valid tax at source card or other necessary clarification (name, date of birth, possible other official identification data, and the address in the country of residence) to the Listed Company prior to the payment of the dividend.

Furthermore, no withholding tax is applied if the dividend is paid to a corporation located in the EEA, provided that the recipient is regarded to be equivalent to a Finnish corporation meant in section 33d.4 of the Income Tax Act, or in section 6a of the Finnish Business Income Tax Act (360/1968, as amended), and that the dividend would be tax-exempt pursuant to the above-mentioned sections had it been received by a Finnish corporation. Additionally, it is required that the Directive on Administrative Cooperation in the Field of Taxation (2011/16/EU, as amended) or a treaty concerning administrative co-operation or exchange of information in tax matters is applicable to the home country of the dividend receiving corporation, and that the withholding tax cannot be fully credited in the country of residence of the dividend receiving corporation based on a double tax treaty concluded with Finland.

Dividends distributed on shares belonging to investment assets of the dividend receiving corporation are subject to special rules. In many cases a withholding tax at the rate of 15 per cent applies, if the recipient resides in an EEA country, or if the recipient is comparable to a Finnish pension institution and the requirements relating to exchange of information in tax matters, as well as other more specific requirements are fulfilled. A dividend may nevertheless be exempt from withholding tax, if the requirements of the above-mentioned exemption relating to the Parent-Subsidiary Directive and the minimum holding of 10 per cent are fulfilled. The withholding tax rate may also be reduced or removed on the basis of an applicable tax treaty.

As of 1 January 2021, the tax treatment of dividends payable on shares held in custodial nominee accounts has been amended. Currently, the withholding tax rate set forth in the relevant tax treaty may be applied to dividends payable on shares held in custodial nominee accounts, provided that the dividend distributing Listed Company or a registered authorized intermediary has investigated with due care the recipient's country of residence and ascertained the applicability of the relevant tax treaty, as set out in further details in section 10 b of the Act on Taxation of Non-Residents (627/1978, as amended, **"Withholding Tax Act"**). Further, the dividend distributing Listed Company and a registered authorized intermediary are obligated to provide the Finnish Tax Administration with the required detailed identification information of the recipient of the dividends, as set out in further details in section 10 c of the Withholding Tax Act and section 15 e of the Assessment Procedure Act (1558/1995, as amended). If a tax treaty is not applicable, but the dividend distributing Listed Company or a registered authorized intermediary has obtained the required detailed identification information, the divided is taxable in accordance with the general rules, as explained above under this section *"Non-residents"*. If the required detailed identification information has not been provided, the dividends paid to shares held in a nominee account is subject to a withholding tax at the rate of 35 per cent. The recipient of the dividend may however apply for a withholding tax refund from to the Finnish Tax Administration to the extent that the above conditions for the application of a reduced withholding tax rate are met.

Under certain conditions, non-resident natural persons located in a country within the EEA may request that instead of taxation in accordance with final tax at source the provisions of the Act on Tax Assessment Procedure (1558/1995, as amended) are applied in which case the dividend taxation is carried out through assessment in the same manner as set out in section "– *Finnish resident natural persons*" above.

Capital gains from sale of the shares

Finnish resident natural persons

A capital gain arising from the sale of the shares which do not belong to the business activity of a Finnish resident natural person is taxed as capital income. A capital loss arising from the sale of the shares that do not belong to the business activity of the shareholder is deductible primarily from the resident natural person's capital gains and secondarily from the person's other capital income arising in the same year and during the following five tax years. Capital losses are not taken into account when assessing the capital income deficit for the tax year. If the proceeds of all assets sold by the resident natural person during the tax year do not, in aggregate, exceed EUR 1,000 (exclusive of sale proceeds from assets that may be sold tax-exempt pursuant to Finnish tax laws), the capital gains from the disposal of the shares are nevertheless exempt from tax. A capital loss is correspondingly not deductible, if the acquisition cost of the assets sold does not, in aggregate, exceed EUR 1,000.

The capital gain or loss is calculated by deducting the original acquisition cost and expenses related to acquiring the gain/loss (e.g. the selling expenses) from the sales price. Alternatively, a natural person can elect to apply a so-called presumptive acquisition cost, which is equal to 20 per cent of the sales price, or in the case of shares which have been held for at least ten years, 40 per cent of the sales price. If the presumptive acquisition cost is used instead of the actual acquisition cost, any expenses for acquiring the income are deemed to be included therein and cannot be separately deducted from the sales price.

Finnish corporations

If the shares are included in the personal income source of a corporation, a capital gain arising from the sale of the shares is taxable income. Capital gain or loss is calculated by deducting the acquisition cost remaining for tax purposes, and the expenses related to acquiring the capital gain, from the sales price. A capital loss arising from the sale of shares belonging to the personal income source is deductible from capital gains arising in the same source of income in the same tax year and during the subsequent five tax years.

The sales price for the shares included in the business income source of a corporation is as a general rule taxable business income. Correspondingly, the remaining acquisition cost of the shares for tax purposes, as well as the deductible costs relating to the disposal, are deductible business expenses upon the disposal of the shares. Confirmed tax losses in the business income source are in general deductible from taxable business income in the same tax year and the subsequent ten tax years in accordance with general rules concerning carrying forward tax losses. However, if the shares are included in other assets category within the business income source, which includes such assets that cannot be deemed as financial assets, current assets, investment assets or non-current assets, the losses are only deductible from capital gains arising from the other assets' category in the same tax year and during the subsequent five tax years. Capital gains from disposal of the shares belonging to non-current assets in business income source can under certain strict conditions be tax-exempt, provided that the corporation disposing the shares has continuously, for at least one year, owned at least 10 per cent of the share capital in the company, and provided that also the other requirements for the exemption are met. Capital losses from disposals of the shares qualifying for tax exempt disposals are correspondingly non-deductible.

Should a deductible capital loss arise from the disposal of the shares included in non-current assets but not qualifying under the tax exemption, such capital loss may only be deducted from taxable capital gains arising from the sale of shares included in non-current assets in the same tax year and the subsequent five years.

Non-residents

Non-residents are in general not subject to Finnish tax on capital gains realized on the sale of the shares, provided that less than 50 per cent of the total assets of the company consist of real properties in Finland. Any capital gains arising from the sale of the shares belonging to a non-resident corporation's permanent establishment in Finland are taxed in the same manner as described in section "– *Finnish corporations*" above.

Finnish transfer tax

No transfer tax is payable in connection with the subscription of New Shares to be issued in the Offering. Further, no transfer tax is payable on transfers of shares which are subject to regular trading in a multilateral trading facility which is open for the public as meant in the Act on Trading in Financial Instruments (1070/2017, as amended) such as First North, provided that securities issued by the company have been admitted to trading on the application of the company or with its consent and the shares in question have been added to the book-entry system meant in the Act on the Book-entry System and Clearing (348/2017, as amended). The transfer tax exemption also requires that an investment firm, a foreign investment firm or other entity offering investment services, as defined in the Finnish Act on Investment Services, is a broker or a party to the transaction, or that the transferee has been approved as a trading party in the market in which the transfer is executed. Further, if the broker or the counterparty to the transaction is not a Finnish investment firm, Finnish credit institution, or a Finnish branch or office of a foreign investment firm or credit institution, the transfer tax exemption requires that the transferee submits a notification of the transfer to the Finnish Tax Administration within two months of the transfer, or that the broker submits an annual declaration regarding the transfer to the Finnish Tax Administration as set forth in the Act on Tax Assessment Procedure.

Certain separately defined transfers, such as those relating to equity investments or distribution of funds, are not covered by the transfer tax exemption. In addition, the exemption does not apply to transfers carried out in order to fulfil the obligation to redeem minority shares under the Finnish Companies Act, or if the consideration for the shares consists wholly or partially of work performance.

If neither the purchaser nor the seller is a tax resident in Finland or a Finnish branch office of any of a foreign credit institution, a foreign investment firm, a foreign fund management company, or of a foreign EEA alternative investment fund manager, the transfer of the shares is exempt from Finnish transfer tax.

If the acquisition or transfer of the shares does not fulfil the above criteria for a tax-exempt transfer, the applicable transfer tax is payable by the purchaser. In general, the transfer tax rate is 1.6 per cent of the sales price or value of other consideration for the transferring of the shares. However, no transfer tax is collected if the amount of the tax is less than EUR 10.

In case the purchaser is neither a tax resident in Finland nor a Finnish branch or office of a foreign credit institution, a foreign investment firm, a foreign fund management company, or of an EEA alternative investment fund manager, the seller must collect the transfer tax from the purchaser. If a Finnish investment firm, a Finnish credit institution or a Finnish branch or office of a foreign credit institution or investment firm acts as a broker, it is liable to collect the transfer tax from the purchaser and to pay the tax to the state.

LEGAL MATTERS

Krogerus Attorneys Ltd is the legal adviser to Aiforia on certain legal matters concerning the Offering. Borenius Attorneys Ltd is the legal adviser to the Joint Global Coordinators on certain legal matters concerning the Offering.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been incorporated by reference to this Offering Circular. They have been published on Aiforia's website at investors.aiforia.com/ipo and can be accessed by clicking the below hyperlinks. The parts of the following documents that have not been incorporated by reference to this Offering Circular are either not relevant for investors in the Offering or are covered elsewhere in this Offering Circular.

Document	Information incorporated by reference
Half-year report 1 January to 30 June 2021	Unaudited consolidated financial information prepared in accordance with the FAS for the six-month period ended 30 June 2021 containing the comparative unaudited financial information for the six-month period ended 30 June 2020
Financial statements 2020, 2019, 2018 and audit report..	Consolidated audited financial information prepared in accordance with the FAS for the periods ended 31 December 2020, 31 December 2019 and 31 December 2018, including an audit report

DOCUMENTS ON DISPLAY

In addition to the documents incorporated to this Offering Circular by reference, copies of the following documents are on display during the period of validity of this Offering Circular on the Company's website at: investors.aiforia.com/ipo.

1. the Articles of Association of the Company;
2. this Offering Circular; and
3. the documents incorporated by reference to this Offering Circular.

ANNEX A: THE ARTICLES OF ASSOCIATION OF AIFORIA

The articles of association described in this Annex shall be valid as of Aiforia's Listing.

THE ARTICLES OF ASSOCIATION OF AIFORIA TECHNOLOGIES PLC

1 BUSINESS NAME

The business name of the company is Aiforia Technologies Oyj. The parallel company name in Swedish is Aiforia Technologies Abp and in English Aiforia Technologies Plc.

2 DOMICILE OF THE COMPANY

The company is domiciled in Helsinki.

3 LINE OF BUSINESS

The company's line of business is the development, manufacture, import and sale of digital microscopic imaging, image analysis and information technology related products and services. In addition, the company may own and manage non-current assets and securities and engage in trading therein.

4 SHARES

Shares in the company are recorded in the book-entry system.

5 FINANCIAL PERIOD

The company's financial period is 1 January – 31 December.

6 BOARD OF DIRECTORS

The company has a board of directors consisting of four to seven ordinary members and a maximum of seven deputy members.

The terms of office of the members of the board of directors begins from the annual general meeting at which they have been elected and ends at the close of the next annual general meeting following their election. The board of directors elects the Chairman of the board from among its members.

7 CHIEF EXECUTIVE OFFICER

The company may have a Chief Executive Officer appointed by the board of directors.

8 RIGHT TO REPRESENT THE COMPANY

The company is represented by the board of directors and also by the Chief Executive Officer and the Chairman of the board of directors each individually and by two members of the board together. In addition, the board of directors may grant procuration rights or a right to represent the company.

9 AUDITOR

The Company shall have one auditor who shall be an auditing firm approved by the Finnish Patent and Registration Office. The auditor's term of office begins from the General Meeting deciding on the auditor's election and ends at the close of the next Annual General Meeting following the election.

10 NOTICE TO THE GENERAL MEETING AND ADVANCE NOTICE OF PARTICIPATION IN THE GENERAL MEETING

Notice to the General Meeting shall be delivered to the shareholders no earlier than three months before the meeting and no later than one week before the record date of the meeting under the Finnish Limited Liability Companies Act. The notice shall be delivered by publishing it on the company's website or by delivering the notice to each shareholder to the address recorded in the shareholder register by letter or by email.

In case the board of directors so decides, a shareholder must notify the company of their intention to attend the General Meeting before the end of the registration period mentioned in the notice to the meeting, in order to have the right to attend to the meeting. The final date for advance notice of participation may be no later than ten days before the meeting.

11 ANNUAL GENERAL MEETING

The Annual General Meeting shall be held within six months from the end of the financial period.

At the Annual General Meeting, the following must be:

presented:

- the financial statements; and
- the auditor's report.

decided:

- the adoption of the financial statements;
- the use of the profit shown on the balance sheet;
- the discharge from liability of the members of the board of directors and the Chief Executive Officer;
- the number and the remuneration of members of the board of directors;
- the remuneration of the auditor.

elected:

- the members of the board of directors; and
- the auditor.

any other matters presented in the notice of the meeting must also be handled.

The Company

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Company's certified adviser

UB Securities Ltd
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FI-00100 Helsinki
Finland

Auditor of the Company

Authorised public accountants

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Legal adviser to the Company

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Legal adviser to the Joint Global Coordinators

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